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Commentary

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S.C. Johnson & Son v. Marketing International Ltd.

Case Comment

S.C. JOHNSON & SON v. MARKETING INTERNATIONAL LTD.

By DONALD F. SIM, Q.C.

Certainty in the law is a laudable goal in the eyes of most legal practitioners and academics. Nevertheless, it remains an elusive objective as a result of such factors as changing social values and differing judicial interpretations of statutes. The latter element, inconsistent interpretative glosses applied by courts over time, has made for much uncertainty in the practice of law. One area where this phenomenon has recently been apparent is the law of trademarks, as manifested by the series of judgments culminating in the decision of the Supreme Court of Canada in *S. C. Johnson & Son v. Marketing International Ltd.*¹

At issue in the action was the validity and infringement of the trade mark OFF! as applied to insect repellent and registered by S. C. Johnson & Son, Inc. of Racine, Wisconsin. The trade mark was used in Canada by a wholly owned subsidiary of the trade mark owner, S. C. Johnson & Son Ltd., which had also been registered as a permitted user of the trade mark pursuant to section 49 of the *Trade Marks Act*.² The labels on the product as marketed in Canada bore the registered trade mark and the name of the Canadian company.

Mr. Justice Cattanach of the Trial Division of the Federal Court of Canada held (1) that the trade mark was valid, and (2) that it had been infringed by the defendant company, which had applied the trade mark BUG OFF to its insect repellent product.³

In the Federal Court of Appeal, former Chief Justice Jockett, with whom the rest of the panel concurred, reversed the finding of the trial judge on the grounds that the trade mark OFF! was invalid and unenforceable for lack of distinctiveness.⁴

It is, of course, well accepted that the essence of a trade mark is that it distinguishes the goods or services of a particular trader from those of its

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¹ (1979), 29 N.R. 515, 44 C.P.R. (2d) 16 (S.C.C.).

² R.S.C. 1970, c. T-10.

³ [1977] 2 F.C. 618, 32 C.P.R. (2d) 15 (T.D.).

⁴ [1979] 1 F.C. 65, 20 N.R. 451, 41 C.P.R. (2d) 35 (C.A.).

competitors and that loss of that distinctiveness will result in loss of trade mark rights.⁵ Furthermore, it has long been recognized that trade marks may lose their distinctiveness by a variety of circumstances such as licensing outside the permitted user provisions of the *Trade Marks Act*,⁶ the trade mark's becoming generic (becoming known as the name of the product rather than as a trade mark)⁷ or the owner's failure to restrain infringements.⁸

In the *Johnson* case, however, Chief Justice Jackett found the trade mark OFF! had lost its distinctiveness because the use of the trade mark in Canada was associated, on the labels and packaging for the product, with the name of the *Canadian* company *not* the trade mark owner.

[I]t is quite clear that the trade mark "OFF!" is not "distinctive" because, having regard to the way in which the Canadian mark has been developed by the Canadian respondent, that trade mark does not "actually distinguish" the wares in association with which it is used by its owner (the U.S. respondent) from the wares of others (which would include the Canadian respondent) nor is it "adapted so to distinguish them." All the evidence would appear to show that the message communicated to the Canadian public by "OFF!" is that the goods with which it is associated originate with the Canadian respondent and not the U.S. respondent.⁹

Moreover, the Chief Justice found that the situation was not cured by the fact that the Canadian company was a permitted user of the trade mark in question notwithstanding section 49(3) of the *Trade Marks Act*, which provides: "(3) The permitted use of a trade mark has the same effect for all purposes of this Act as a use thereof by the registered owner."¹⁰

His Lordship offered, by way of direction, some guidelines for proper trade mark use by someone other than the owner:

- (a) user by the licensee of the trade mark with any indication as to who is manufacturer;
- (b) user by the licensee of the trade mark with an indication of the owner of the trade mark as manufacturer (which misrepresentation would be innocuous assuming that the controls contemplated by s. 49 are properly applied), or
- (c) user by the licensee of the trade mark with an indication that it is being used by a registered user and an indication of the name of the owner of the trade mark. . . .¹¹

Understandably, this judgment caused great consternation among trade mark owners and users. It is not unusual for a registered trade mark in Canada to be used by an American or other foreign parent and for the Canadian subsidiary that is using the mark to be registered as a permitted user. Relying

⁵ Fox, *The Canadian Law of Trade Marks and Unfair Competition* (Toronto: Carswell, 1972) at 285.

⁶ *Cheerio Toys and Games Ltd. v. Dubiner*, [1966] S.C.R. 206, 55 D.L.R. (2d) 313, 48 C.P.R. 226; *Wilkinson Sword (Canada) Ltd. v. Juda*, [1968] 2 Ex. C.R. 137, 34 Fox Pat. C. 77, 51 C.P.R. 55.

⁷ *Aladdin Industries Inc. v. Canadian Thermos Products Ltd.*, [1969] 2 Ex. C.R. 80, 41 Fox Pat. C. 26, 57 C.P.R. 230.

⁸ *Cheerio Toys and Games Ltd. v. Dubiner*, *supra* note 6.

⁹ *Supra* note 4, at 71-72 (F.C.), 458 (N.R.), 41 (C.P.R.).

¹⁰ R.S.C. 1970, c. T-10, s. 49(3).

¹¹ *Supra* note 4, at 77 (F.C.), 462 (N.R.), 45 (C.P.R.).

on the provisions of section 49(3) of the Act, few trade mark users had thought it necessary to show the name of the trade mark owner on labels, packaging or the like, or to indicate the status of the Canadian company as a permitted user thereof.

Reaction to the Federal Court of Appeal judgment varied. While labeling requirements made the first two of the Chief Justice's alternatives impossible, some companies scrambled to adopt the third by such methods as the printing of a legend on all packages and advertisements; for example, "ACME and the ACME design are registered trade marks of Acme Inc., of which Acme Canada Ltd. is a registered user." Other companies assumed that the Supreme Court of Canada would hear the Johnson appeal and put matters right, and thus chose to ignore the Federal Court of Appeal's decision.

Those in the former category faced many practical problems. The legend in question is difficult to put legibly on physically small products (hearing aid batteries and phonograph needles, for example) and, of course, the question of where the notice had to be placed remained unanswered. For example, if the sales representatives of Acme Canada had calling cards bearing the trade marks, was it necessary to put the legend on the cards, on the letterhead, or alternatively to advise all prospective accounts of the relative status of the Canadian company to the American company with relation to the trade mark registration? Those in the latter category had the easier administrative task, but no doubt attended church or synagogue with greater faithfulness pending the leave process and the hearing of the appeal.

Leave was granted and the appeal was heard by the Supreme Court of Canada. Much to the relief of trade mark owners, Mr. Justice Pigeon, who wrote the reasons with which the *coram*¹² concurred, put right the matter of distinctiveness:

Subs. 49(3) enacts that the "permitted use" has "the same effect for all purposes of this Act" as a use by the registered owner. By virtue of subs. (2), "permitted user" means: "the use . . . by a person approved as a registered user". From this it clearly follows that, in the application of all the provisions of the Act, "use" by a registered user is to be taken as use by the registered owner. I can see no reason for not giving full effect to this provision in relation to the definition of "distinctive" in s. 2 so that, when a trade mark is used by a registered owner, "distinctive" means a mark that actually distinguishes or is adapted to distinguish the wares in association with which it is used by the registered user.¹³

It therefore appears quite clearly that a registered trade mark in Canada owned by one party but used by a registered user or his predecessors will *not* lose distinctiveness by reason of association in the marketplace with the trade name of the permitted user in advertisements, labels, *etc.*

In its judgment, however, the Supreme Court of Canada confirmed the result of the Federal Court of Appeal's decision on a ground contrary to findings of all four judges in the courts below, namely that the registration of the trade mark OFF! was invalid and unenforceable because it was, contrary

¹² Martland J., Dickson J., Estey J. and McIntyre J.

¹³ *Supra* note 1, at 522 (N.R.), 22 (C.P.R.).

to section 12(1)(b) of the *Trade Marks Act*, "clearly descriptive or deceptively misdescriptive of the character or quality of the wares or services in association with which it is used."¹⁴

The provisions of section 12(1)(b) reflect a reasonable public policy. Everyone must be free to describe his goods and their quality without being restrained by a trade mark owner. As Mr. Justice Rand stated in *General Motors Corp. v. Bellows*:

No doubt there is a public interest against confusion of these [descriptive] marks, but on the other hand there is a like interest in the freedom of the individual trader in ordinary trade practices and in particular in using the main stock of the language. If the latter interest is disregarded, a single word might effect a wholesale appropriation of the only apt language available.¹⁵

It is accepted that the "strength" or registrability of a trade mark is in inverse ratio to its descriptiveness. However, it was well settled law that *suggestive* words—that is, words that bear some allusion to characteristics of the wares on which they are used, but which fall short of being clearly descriptive—are not to be denied registration. Many valuable trade marks suggest such a reference while falling short of being descriptive.

The practical problem for trade mark users is to predict whether a mark will be held to be merely suggestive and hence registrable, or descriptive and hence unregistrable or invalid. As the test is a subjective one, it is by no means easy to predict the court's attitude in borderline cases. However, the Registrar of Trade Marks, the officer required to make the first assessment of descriptiveness leading to registration or rejection of a trade mark application, has consistently adopted a more relaxed attitude towards what is prohibited than have the courts. This is evinced by the case of *Home Juice v. Orange Maison*,¹⁶ in which Mr. Justice Pigeon held the trade mark ORANGE MAISON to be descriptive of orange juice. The situation has not changed since 1973.

In 1979 the Registrar allowed the following to be registered as trade marks:

COURIER PAK for a small package air freight service,
 BIO-ORGANIC for health foods,
 INTRUDALARM for a security warning system,
 O.J. for orange and other fruit juices,
 FUEL GUARD for thermal insulation, and
 GENTLE ADVENTURES for guided and outfitted wilderness trips.

The courts, on the other hand, (apart from one notable departure from the trend, where KOLD ONE was held by the Federal Court of Appeal *not* to be descriptive of the character or quality of beer)¹⁷ have consistently adopted

¹⁴ R.S.C. 1970, c. T-10, s. 12(1)(b).

¹⁵ [1949] S.C.R. 678 at 691, [1950] 1 D.L.R. 569 at 582-83, 10 C.P.R. 101 at 116.

¹⁶ [1970] S.C.R. 942, 16 D.L.R. (3d) 740, 1 C.P.R. (2d) 14. See also Sim, *Comment* (1973), 11 Osgoode Hall L.J. 344.

¹⁷ *Registrar of Trade Marks v. Provenzano* (1978), 40 C.P.R. (2d) 288.

a much more severe test, holding, for example, FRIGIDAIRE descriptive of refrigerators,¹⁸ NO. 1 descriptive of beer,¹⁹ ONCE A WEEK descriptive of floor polish²⁰ and SUPERWASH descriptive of clothing.²¹

Recognizing this dichotomy between administrative practice and judicial review, the profession as a whole has been content to rely upon the qualifying word "clearly" in section 12(1)(b) and upon the fact that it is only words descriptive of the character or quality of goods and not of the effect to be obtained from the product which are to be denied registration (for example, GRO-PUP was allowed by the courts for pet food).²²

Under such circumstances, most would have considered the word OFF! to be unobjectionable. Certainly it *suggests* an effect to be obtained from the use of the repellent, but surely it falls short of being *clearly* descriptive of the *character* or *quality* of such a product. Alas, this was not the view of the Court. In finding this trade mark to be invalid as contrary to section 12(1)(b), Mr. Justice Pigeon held:

In the *Oxford Dictionary* the first meaning of "off" is:

Off 1. Expressing motion or direction from a place: To a distance, away, quite away: as in *go, run, drive off*.

Also expressing resistance to motion towards: as in *beat, hand, keep, ward off*.

In *Webster's Third New International Dictionary*, I read under "Off"

Off 1 b: so as to prevent close approach (drove the dogs off).

It is obvious that an insect repellent is a substance that will "ward off" or "drive off" those pests colloquially called "bugs". When Johnson U.S. applied for the registration there was on the register of Trademarks since January 25, 1946 the word "BUGZOFF" for insecticides besides "GREESOFF", "MIST-OFF", "OZOFF", "EASITOFF", "EASY-OFF" and "SPRAYITOFF" for various cleaning compounds. All those expressions reveal the use of the word "off" as meaning a substance intended for getting rid of something, in other words a repellent or removing agent.

In his reasons for judgment, the trial judge said:

... it seems that the word "off" is most usually used in connection with other words and derives its meaning from the context in which it is used. If the use is elliptical then because of its many uses the ellipses are many.

That being so the word "off" standing alone bereft of context has no meaning readily ascribed to it and accordingly that word cannot be "clearly descriptive of the nature and quality of the wares in association with which it is used" without the explanation accomplished by additional words which are not expressed and what those words might be is left to conjecture.

Therefore, I conclude that the registration of the word "OFF!", followed by an exclamation mark as it is, was validly registered by the Wisconsin plaintiff, that it was "adapted" to distinguish that owner's wares and has a degree of distinctiveness capable of doing so.

¹⁸ *Supra* note 15.

¹⁹ *John Labatt Ltd. v. Carling Breweries Ltd.* (1974), 18 C.P.R. (2d) 15.

²⁰ *Drackett Co. of Canada v. American Home Products Corp.*, [1968] 2 Ex. C.R. 89, 38 Fox Pat. C. 1, 55 C.P.R. 29.

²¹ *Wool Bureau of Canada Ltd. v. Registrar of Trade Marks* (1978), 40 C.P.R. (2d) 25.

²² *Kellogg Co. of Canada v. Registrar of Trade Marks*, [1940] Ex. C.R. 163, [1939] 3 D.L.R. 65.

With respect, I have to say that the learned trial judge was in error in the view he took of the plaintiffs' use of the word "off". He failed to consider the essential factor that *this was an elliptical use of the word in association with an insect repellent and therefore, in that context, it was descriptive of the wares or of their effect.* He also failed to consider that in applying to register this trade mark, Johnson U.S. was in effect claiming a monopoly for the use of a common word of the language, a word commonly used in connection with a variety of wares in related categories all exhibiting the common purpose of avoiding or getting rid of something.²³ [Emphasis added.]

The *Oxford English Dictionary* defines "ellipsis," *inter alia*, as "omission from a sentence of words needed to complete [its] construction or sense."²⁴ Pigeon J. obviously used the word in this sense: that OFF was an elliptical reference to BUG OFF and that the latter, in describing, however colloquially, the *effect* of the user of the defendant's product, offended section 12(1)(b). The use of the term "clearly" in section 12(1)(b) and the common general knowledge that OFF *per se* is an elliptical reference to common (some *very* common) phrases other than BUG OFF did not seem to trouble Mr. Justice Pigeon nor the rest of the Court who concurred in his opinion.

In one pithy phrase, therefore, the jurisprudence substitutes for the clear and long standing words of the statute "clearly descriptive of character or quality," the phrase "an elliptical reference to the effect to be obtained."

This is an unfortunate and potentially far-reaching judgment. Surely *every* suggestive trade mark, in alluding to the product, can be held to contain an elliptical reference to it. If character or quality includes a reference to a property or result to be achieved through use of the product, what is the status of most "suggestive" marks? Are only the few coined or arbitrary words in use as trade marks to enjoy unquestioned validity?

While doing the profession and trade mark users a service on the question of distinctiveness by labelling, the Supreme Court of Canada has in this case clearly increased manifold the severity of any test of descriptiveness heretofore imposed. It has not only limited future choices of trade marks, but has cast a serious cloud over many old and well-established marks now common in the marketplace.

²³ *Supra* note 1, at 525-26 (N.R.), 24-25 (C.P.R.).

²⁴ *The Concise Oxford Dictionary* 6th ed. (Oxford: Clarendon Press, 1976) at 335.