

Notes of Cases

Jurisprudence

TORTS—PASSING OFF—UNFAIR COMPETITION—COPYING PRODUCT DESIGN—INTENTIONAL APPROPRIATION OF GOODWILL.—Two very recent cases, one from the Supreme Court of Canada¹ and one from the Supreme Court of Ontario² serve as convenient spectacles through which to examine some aspects of passing off, unfair competition, and judicial articulation. A good statement of the issues and contending interests involved in the cases may be found in one of the two grounds set out in the Appellant's Notice of Motion for Leave to Appeal to the Supreme Court of Canada in the *Oxford Pendaflex* case:³

The issue in this case concerns a matter of public importance in that it involves a determination of the conditions under which one may copy the product of another and the consequent balancing of the interest of the consumer in free competition and the interest of the producer to have its get-up or distinguishing guise protected from unfair competition.⁴

Such an issue is heady brew indeed, especially when the facts of the case are examined. The subject matter of the dispute was a stacking paper tray; oblong in shape, surrounded on three sides by a low lip continuous at the rear but tapering downwards in the vertical plane to an open front (reminiscent of coal shovels of the past). It was designed to hold legal sized paper and other trays could be stacked on top by the insertion of pillars in moulded slots. In the mid-1960's the tray was being manufactured and sold under the name Contempo Tray by an American company which exported it to Canada through a manufacturer's agent.

Sometime thereafter the importation in Canada was conducted through a company jointly owned by the American manufacturer and the Canadian manufacturer's agent.

¹ *Oxford Pendaflex Canada Ltd v. Korr Marketing Ltd* (1982), 134 D.L.R. (3d) 271.

² *Ayerst, McKenna & Harrison, Inc. v. Apotex Inc.* (1982), 36 O.R. (2d) 495.

³ Leave to appeal without reasons was granted on May 5th, 1980 by Laskin C.J., Dickson and Estey JJ.

⁴ The other ground in the Notice of Motion for Leave to Appeal reads: "The issue in this case raises an important question of law with respect to the definition and scope of the doctrine of secondary meaning as it applies in passing-off actions, and the proof required to satisfy the doctrine." As indicated in the text of this comment, the noteworthiness of the case lies in the court's affirmation of the traditional test of secondary meaning as the means by which competing interests and policies are balanced.

Later, the manufacturer's agent bought out the United States company's interest in the Canadian venture which thereupon changed its name to Starmark of Canada Ltd and proceeded to manufacture the identical tray and to market it in this country.

Subsequently (in 1973), the appellant acquired the shares of Starmark of Canada Ltd and from that time forward had manufactured these trays under the name Starmark.⁵

In 1978, after selling other trays and studying the market, the respondent took a sample of the appellant's tray to a plastics manufacturer (the Mitchell Company) and had a mould made from which the respondents produced the identical product which the respondents proceeded to market in 1978.

The only difference between the trays is the lighter plastic used by the respondent and a slightly less ruffled surface on the floor of the respondent's tray. As the learned trial judge Hughes J. put it:

"When displayed by a retailer without the plastic envelope, only a discerning eye and curiosity sufficient to examine the stamping of the bottom of the tray turned upside down, or the higher finish of the Starmark tray, could detect any difference."

As to why the respondents copied the appellant's tray, the evidence is clear:

Q. And it was your intention, I put it to you, to produce a tray that looked the same as Starmark tray but could sell at a lower price because it was made of less costly material.

A. Yes.

Q. And you chose, I suggest to you, the Starmark shape because you knew from your experience that it was a successful product and that it was known by consumers and office supply dealers throughout Canada?

A. Yes.

Q. In fact, Mr. Pirie, isn't it true that letter trays all perform the same function, that is to hold pieces of paper?

A. That's correct.

Q. And the two things which distinguish trays one from another are the design, the get-up and the method of stacking?

A. Yes.

Q. And in those two particulars your tray is exactly the same as the Starmark tray?

A. Yes. I would have to say so. (The testimony of the President of the respondents).⁶

What makes these facts so terribly interesting is that they exhibit the perfect mixture of a clear and intentional appropriation by the defendant, competitor, of a product design, the rights to which the plaintiff had purchased, with an attempt by the plaintiff to exercise a non-statutory monopoly over a non-functional product design. If successful, the plaintiff's monopoly would be potentially of indefinite duration. In spite of some evidence that the defendant's trays were confused with the plaintiff's trays,⁷ the trial judge found no secondary meaning⁸ and the terse decision of the Ontario Court of Appeal concurred in that finding.⁹ Any success of an appeal to the

⁵ *Supra*, footnote 1, at pp. 272-273.

⁶ *Ibid.*, at p. 274.

⁷ (1979), 23 O.R. (2d) 545, at p. 548.

⁸ *Ibid.*, at p. 552.

⁹ (1980), 27 O.R. (2d) 760 (C.A.).

Supreme Court of Canada would appear to have rested upon convincing the court to expand the concept of secondary meaning or else to venture into the uncharted regions of a concept of unfair competition.^{9a}

Concerning secondary meaning, Estey J. set out the two principal grounds of appeal relied upon by the appellant:¹⁰

1. The judge at trial misconstrued the evidence and thereby failed to appreciate that at all material times the product of the appellant came to the Canadian market from a single source, operated by a series of owners, culminating in the appellants; and the learned trial judge was led into error by confusing the names under which the product was sold by the appellant and its predecessors with the get-up, including design, of the appellant's product.
2. The courts below, both required the appellant, in order to establish that its product had acquired a secondary meaning in the market, must prove that "the purchaser of the [appellant's] product associated the get-up of this product with the appellant as its source", and not merely that this product with its characteristic get-up came from a single source.

Ground number 2 is unexceptional and Estey J. quite correctly relied on a number of British and Canadian authorities both ancient and modern to establish that it is not necessary that the ultimate purchaser know the name of the plaintiff's firm but only that:¹¹

... buyers of the plaintiff's goods, without any label at all, might, if they bought the defendant's goods and noticed the label, still think, having regard to the appearance of the goods, that they were goods which had long been on the market, and that the name of the manufacturer was now disclosed to those who did not previously know it.

Estey J. found that the trial judge did not misapply the test and did not put an improper onus on the plaintiff. Nevertheless, it must be true to say that anyone having encountered the plaintiff's tray in the years during which the plaintiff was the only supplier of the tray would naturally think that the defendant's identical tray came from the same source as the trays previously encountered, that is, the plaintiff. Such confusion would be especially likely if one reflects that the possible non-functional designs, colours and finishes of a stacking paper tray must be very numerous, although not unlimited. Such considerations are inherent in the first principal ground of appeal which is a deceptive invitation to take a step beyond the second ground of appeal into a broader concept of secondary meaning which will found a passing-off action. Such temptations will exist in any product design case where the plaintiff has been the sole marketer of the goods because consumers will naturally assume that goods of the same design came from the same source—especially where there is nothing inevitable about the design. If a court were to accept such a proposition it would create

^{9a} For a very recent paper updating the tort of passing-off and the concept of unfair competition, see D. Magnusson, *Unfair Competition: Yesterday, Today and Tomorrow* Dec. 1982, 16 *Bulletin of the Patent and Trade Mark Institute of Canada* 1017.

¹⁰ *Supra*, footnote 1, per Estey J., at p. 272.

¹¹ *Ibid.*, at p. 278, quoting from *William Edge and Sons, Limited v. William Nicolls & Sons Limited*, [1911] A.C. 693, at p. 705.

an indefinite non-statutory monopoly in non-functional designs accruing to the benefit of the first into the market. Estey J. appears to have made the distinction:¹²

It is perhaps, unhappily, a close association between the two ideas, firstly, of the misleading origin of the trays of the defendants—respondents, and the pre-eminent position of the plaintiff—appellant as the supplier of these trays in the market.

One way out of this unhappily close association is to simply take the position that the product design is not distinctive of one source (even though there has only been one source) but rather that the design is distinctive of a type of tray.¹³ In other words, the product design is not distinctive of a source but rather is descriptive of a kind or quality of product. In trade mark law it is a truism that the more descriptive a mark is the less distinctive of a source it can be.¹⁴ This is what Hughes J. did at the trial¹⁵ and Estey J. accepted on appeal to the Supreme Court of Canada.¹⁶ It is an effective, if somewhat artificial method of overcoming the problem and leaves one with a suspicion that public deception (which is the touchstone of the passing-off action) is yielding to another, unarticulated interest. The unarticulated interest in the *Oxford Pendaflex* case is probably the public interest in free competition, that is, lower prices, good quality and the alternate sources of supply thereby secured. This unarticulated interest appears to be inherent in the Supreme Court of Canada's statement of a competitor's right to copy.

The Morality of the Market Place

A rather brutal statement of the extent to which a competitor may appropriate a product design is succinctly stated in the 1966 Ontario Court of Appeal decision in *Eldon Industries Inc. v. Reliable Toy Co. Ltd.*¹⁷

Whatever may be said of the business ethics of a toy manufacturer or distributor in imitating designs of toys made by his competitors, if those designs do not enjoy statutory protection, then unless he can be shown to offend against the provision of

¹² *Ibid.*, at p. 279.

¹³ It is interesting to compare the ease with which the court held the product design in *Oxford Pendaflex* and *Ayerst McKenna* cases to be generic with the apparent reluctance to find the word "thermos" to have become generic in *Aladdin Industries Inc. v. Canadian Thermos Products Ltd* (1969), 57 C.P.R. 230 (Ex. Ct).

¹⁴ This is implicit in the definition of a trade mark and the provisions in the Trade Marks Act concerning registerability, see Trade Marks Act, R.S.C. 1970, c.T-10, s. 2, 12(1)(b).

¹⁵ *Supra*, footnote 7, at p. 552: "... the products of both are examples, if anything, of "Contempo" trays in the minds of those witnesses who were called to represent the public in this respect".

¹⁶ *Supra*, footnote 1, at p. 280.

¹⁷ (1966), 31 Fox P.C. 186, at p. 199. Counsel for the successful defendant was W.Z. Estey, Q.C.

section 7(a) to (e)¹⁸ of the Trade Marks Act, he has done no more than that which he has a legal right to do.

Or, from the reasons of Estey J. in the Supreme Court of Canada, quoting Hughes J. at trial:¹⁹

In its unprotected state and without name or get-up having acquired a secondary meaning, it is fair game for any competitor.

Nevertheless, it is true to say that the ethics of the competitor have sometimes been a decisive influence in the outcome of a passing-off action. For instance, in the "Dimple Scotch" case²⁰ the following statement of the court would indicate a keen regard for business ethics:²¹

Accordingly, if the trade carried on in the Respondents' whiskey had consisted solely in the sale of unopened bottles, I should not have been prepared to grant interdict unless I had been very clear that the Respondents had acted with the intention of obtaining some benefit from the Petitioners' goodwill.

In other cases the court fastens upon the element of intention to take a free ride on the plaintiff's goodwill as going a long way to establishing the likelihood of confusion which will found the passing-off action.²² Of course, the likelihood of confusion presumes a secondary meaning in the plaintiff's product design or other trade mark. Copyright law clearly protects against appropriation of one's work and labour even though something quite pedestrian is copied such as a coupon or a compilation.²³

¹⁸ The decision held that s. 7(e) of the Trade Marks Act did not create a separate cause of action but rather must be read *ejusdem generis* with s. 7(a), (b), (c), (d), *ibid.*, at pp. 198-199.

¹⁹ *Supra*, footnote 1, at p. 280, per Estey J.

²⁰ *John Haig & Company Limited v. Forth Blending Company Limited and W.R. Paterson Limited* (1953), 70 R.P.C. 259.

²¹ *Ibid.*, at p. 267. At p. 268: "I do not wish to suggest that they deliberately copied the Petitioners' bottle with the intention of themselves selling their whiskey as the petitioners; but I do think that, in selecting the shape of their own bottle, they did expect to derive some commercial advantage from the use of a peculiarly shaped bottle which was also used by the Petitioners, because of their association with that shape bottle; they had at the same time, having a vague, though it may be a sincere belief, that in the event of challenge they would be able to justify what they did on the ground that they had sufficiently distinguished their own from the Petitioners' bottle by the labels. This defence as it regards the public house market fails, and the necessary consequence in my opinion is that the Respondents cannot escape the imputation of having acted from motives not altogether consistent with fair mercantile dealing, and must submit to interdict."

²² *Hughes v. Sheriff* (1950), 10 Fox P.C. 175, at pp. 182-183; (1950), 11 Fox P.C. 49 (C.A.); *Slazenger & Sons v. Feltham & Co.* (1889), 6 R.P.C. 531, at p. 538; *S. Chivers & Sons v. S. Chivers & Co. Ltd* (1900), 17 R.P.C. 420, at p. 427; See also Treece, Copying Methods of Product Differentiation: Fair or Unfair Competition? (1964), 54 T.M.R. 12, at p. 23.

²³ For examples, see: C.E.D. (Ontario) (3rd ed., 1982), vol. 5, Copyright, at para. 42; Fox, *The Canadian Law of Copyright and Industrial Design* (2nd ed., 1957), at pp. 349-351. In *Ladbroke (Football) Ltd v. William Hill (Football) Ltd*, [1964] 1 All E.R. 465, Lord Reid and Lord Pearce both approved the statement of Peterson J., in *University of*

In cases concerning breach of confidence the ethical context is obvious. The duty of confidence is based: "... not so much on property or on contract but rather on the duty to be of good faith".²⁴ However, it is also worth noting that the finding of a copyright infringement will give a plaintiff a monopoly restricted in time to the provisions of the Copyright Act,²⁵ and a finding of breach of confidential relationship will also give rise to a monopoly limited by the duration of the confidentiality of the information.²⁶

A case can be made for an expansion of protection to include what section 7(e) of the Trade Marks Act²⁷ refers to as an act or business practice contrary to honest industrial or commercial usage in Canada.²⁸ Some European countries have developed such a body of law.²⁹ It is true that some developments have been made in related fields such as the protection of characters and personality merchandizing³⁰ as well as the "drink" cases.³¹ However, it is also true to say that the sentiments expressed by the Ontario Court of Appeal in *Eldon*³² appear to be in the ascendancy—certainly as regards product design.³³ A very powerful argument in favour of such protection is based on the comparative merit of the two competitors. The plaintiff is the one who purchased or expended monies in design development as opposed to the defendant who intentionally and by design seeks a free ride on the plaintiff's expenditures. Such an argument must have had some passing attraction to the Supreme Court of Canada. Never-

London Press Ltd v. University Tutorial Press Ltd, [1916] 2 Ch. 601, at p. 610: "What is worth copying is *prima facie* worth protecting."

²⁴ Lord Denning M.R. in *Fraser v. Evans*, [1969] 1 All E.R. 8, at p. 11. See generally, Cornish, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (1981), Ch. 8.

²⁵ R.S.C. 1970, c. C-30, ss 5-11.

²⁶ Cornish, *op. cit.*, footnote 24, pp. 287-288.

²⁷ Of course, s. 7(e) of the Trade Marks Act was held to be *ultra vires* the Government of Canada in *MacDonald v. Vapour Canada Ltd* (1976), 66 D.L.R. (3d) 1. Bill S-11 (an Act relating to Trade Marks and Unfair Competition, 4th session of 30th Parliament, 27-28 Eliz. II, 1978-79) does not contain any similar provision.

²⁸ In an annotation to *Eldon Industries Inc. v. Reliable Toy Co. Ltd*, *supra*, footnote 17, Dr. Fox laments the emasculation of s. 7(e) and argues that this decision is contrary to the intention of the framers of the Trade Marks Act. See also, Treece, *op. cit.*, footnote 22, and the numerous authorities cited therein.

²⁹ V.L. Knight, *Unfair Competition: A Comparative Study of its Role in Common and Civil Law Systems* (1978-79), 53 Tul. L. Rev. 164, at pp. 175-183.

³⁰ D. Vaver, (1978), 9 I.I.C. 541; *Athans v. Canadian Adventure Camps* (1978), 17 O.R. (2d) 425; Cornish, *op. cit.*, footnote 24, pp. 493-494.

³¹ For example, *Erven Warnink v. Townend*, [1980] R.P.C. 31 (Advocaat); and see Cornish, *op. cit.*, footnote 24, pp. 496-497; Heydon, *The Future of Economic Torts* (1975), 12 U.W.A.L. Rev. 1, at pp. 18-23.

³² *Supra*, footnote 17.

³³ Heydon, *op. cit.*, footnote 31, at pp. 30-31; Knight, *op. cit.*, footnote 29, at pp. 168-175.

theless, the court chose to ignore the intentional appropriation in favour of a right to copy in product design cases.³⁴ Giving a competitor the right to copy in product design cases may be a defensible position in light of competing policies. But one might have expected a fuller discussion of the balance of competing interests—especially in view of the tantalizing grounds put forward in the Notice of Motion for Leave to Appeal to Supreme Court of Canada.^{34a} Such a bald decision may appear to put a premium on intentional appropriation which is not condoned in closely related fields of law.

The Uncertain and Fictitious Nature of Secondary Meaning and Public Confusion

As has been indicated, the court will sometimes look to intention to appropriate goodwill in order to found or aid the finding of public confusion.³⁵ In the instant cases the courts ignored an obvious intention to appropriate in addition to some indication of public confusion or likelihood thereof. This uncertainty may arise from the inherent uncertainty of any standard where a court must assess the actuality or likelihood of public confusion. It is suggested, however, that this uncertainty is merely a reflection of the difficulties produced by articulating public confusion or the likelihood thereof, as the policy which inspires the protection of the tort of passing-off. In fact, the protection of the court under the rubric of passing-off is triggered by an assessment of the sum or balance of several competing policies: protection of the goodwill built up by the manufacturer or distributor; the benefits of a competitive market; the need to protect the consumer from confusion. *Oxford Pendaflex* is an example of a case where the design of the paper tray, although not competely functional, must to some extent be dictated by function. To put it another way, the possible variations of a stacking paper tray are not, practically speaking, limitless. However, the possible variation of a trade mark (other than a distinguishing guise) used in association with stacking paper trays is practically limitless.

³⁴ Such an attitude is also reflected in proposals for trade mark law reform where distinguishing guises would no longer be registerable as trade marks (Bill S-11, *supra*, footnote 27, s. 14(f)). Without registration the shape or get-up of the product must seek protection in a passing-off action (which as we see is very cold comfort) or registration as an industrial design.

^{34a} In *Erven Warnink v. Townend*, *supra*, footnote 31, at pp. 93, 99, Lord Diplock specifically dealt with exceptional features which might justify withholding a remedy in a passing-off action on the grounds of public policy which could include the maintenance of the competitive market place. See also, *Cadbury Schwepp Pty Ltd v. Pub Squash Co. Pty Ltd*, [1981] 1 All E.R. 213 (P.C.), at pp. 223, where Lord Scarman articulated and emphasized the need to balance the plaintiff's rights with the needs of a free competitive environment.

³⁵ *Supra*, footnotes 20, 22. Other good examples (although not product design cases) are: *Falconbridge Nickel Mines Ltd v. Falconbridge Land Development Co. Ltd* (1974), 15 C.P.R. (2d) 213 (B.C.S.C.); *Harrods Ltd v. R. Harrod Ltd* (1924), 41 R.P.C. 74.

In product design cases, the policy of promoting the benefits of free competition must be very strong. The policy against consumer confusion gives way and is neatly finessed by finding the significance of the design not to be a source, but rather a type or quality.³⁶

It is this method of labeling the significance of the product design as generic that prompts one to ask about the significance or indication of any trade mark. In the "Stone Ale" case,³⁷ Lord McNaughton articulated what we all know to be true:

Thirsty folk want beer, not explanations. If the public get the thing they want, or something near it, and get it under the old name—the name with which they are familiar—they are likely to be supremely indifferent to the character and conduct of the brewer and the equitable rights of the rival traders.

The consumer does not care about source. The consumer cares about other things like quality, geographical origin, characteristics, status perception, emotional feeling created by the trade mark or design, and many others.³⁸ The consumer relies on source, if at all, only as some assurance that the same source will produce the same characteristics, quality, and so on as produced satisfaction in the past. In fact, there is no guarantee (and there never has been) that the same source will not change the quality or characteristic of the product. If this argument is valid³⁹ then the policy grounds for maintaining protection of trade marks or product designs for the purpose of avoiding public confusion becomes very suspect.⁴⁰ In fact, if one judges from the structure of the Trade Marks Act, such protection is explained and justified as protection of the goodwill of the competitor.⁴¹ This is so, even though historically the *raison d'être* of trade mark protection has been the protection of the public from confusion.

At this point, the case of *Ayerst, McKenna & Harrison, Inc. v. Apotex Inc.*⁴² becomes most interesting. The issue in the case could be put: is there any interest in face of which public deception as to source must yield? The answer would appear to be yes if the preference as to source is irrational, the public is otherwise protected and, in addition, the benefits of the

³⁶ It is interesting to note that in the House of Lords decision in the "Advocaat" case, *supra*, footnote 31, the court granted relief in a case where the name "Advocaat" was distinctive not of a source, but of a type of drink.

³⁷ *Thomas Montgomery v. Thompson*, [1891] A.C. 217, at p. 225.

³⁸ See Treece, *op. cit.*, footnote 22, pp. 27-35.

³⁹ It is probably true that for major purchases such as large electrical appliances, automobiles, *etc.*, the indication of source is still important.

⁴⁰ Hence, the Economic Council of Canada in its 1971 Report on Intellectual and Industrial Property (Information Canada, Ottawa, 1971), p. 208, recommended the adoption into Canadian trade mark law of a product mark which would be distinctive of qualities and standards.

⁴¹ See generally, G. Stewart, *The Source Theory and Trade Mark Law Reform: A Functional Analysis* (1982), 20 U.W.O. L. Rev. 337.

⁴² *Supra*, footnote 2.

competitive market that is, lower prices, would be significantly curtailed. In the *Ayerst* case, the plaintiff had for twelve years sold the drug Propranolol in tablet form of a particular colour, shape and size and called it by the brand name of "Inderal". During that time the plaintiff had gained an enviable reputation for the quality and reliability of its goods in the treatment of cardio vascular problems. After April 1st, 1980, the plaintiff's monopoly was challenged by virtue of the fact that various provincial regulatory authorities classified the plaintiff's product and the defendant's product as interchangeable from a therapeutic point of view. The defendant intentionally put out its product under the brand name "Apo-Propranolol" in tablets of an identical shape and colour as the plaintiff's tablets. Further evidence revealed: patients associated colour, shape and size with specific medication; medical doctors were not concerned with the brand but with the medication; no advertising of a prescription drug may be published for the attention of the ultimate consumer, that is, the patient; medical evidence was overwhelming that interchangeable products in solid dosage form should be the same colour, shape and size; patients would mistake the new (defendant's product) for the usual product (the plaintiff's) but they had faith in their doctor and relied upon the doctor for the drug supplied to them; the plaintiff's advertising budget per annum was three million dollars; the defendant company sold its product at a lower price than the plaintiff which cost the plaintiff a large part of its market and lost revenues; there is no rational basis for a person requiring the medication Propranolol to choose one brand as opposed to another. Keith J. translated the evidence into appropriate factual findings.⁴³

The learned judge then addressed the key issue in this passing-off action, namely, had the appearance of the plaintiff's product over the years gained such distinction in the minds of the ultimate consumer that tablets of the colours, shapes and sizes in question are generally associated with the plaintiff as its product or alternatively, the product of a single source, and hence the accepted source of an established drug.⁴⁴ The learned judge felt that no such secondary meaning had or could be acquired and it verged on the nonsensical to make such an assertion.⁴⁵ Keith J. then referred to appropriate jurisprudence including *Oxford Pendaflex*, and in the result, declined to find a secondary meaning. He accepted the proposition that the shape and configuration was distinctive of the particular type of drug rather than a source.

⁴³ *Ibid.*, at p. 520.

⁴⁴ *Ibid.*, at p. 521.

⁴⁵ *Ibid.*, O'Driscoll J., in August 1980 did not think it so nonsensical when he granted an interlocutory injunction to the plaintiff in a practically identical fact situation upon very similar arguments: *Hoffman LaRoche Ltd v. Novopharm Ltd* (1981), 51 C.P.R. (2d) 40 (Ont. H.C.).

Judicial Articulation

Both cases explain the decisions in terms which relate to the accepted legal theory of passing-off, that is, the plaintiff had not shown secondary meaning. However, the evidence recited and the factual findings made clearly indicate that other factors than possible public perceptions as to source were very relevant to a decision concerning secondary meaning. The benefits to the public of the free use among competitors of product designs for solid dosage medication was the justification of the *Ayerst* decision. Such benefits outweigh other relevant factors such as the plaintiff's expenditure on building up goodwill, the defendant's free-riding conduct and the existence, at least temporarily, of some public confusion as to source. However, Keith J. could not base his decision on such a statement of the balance of policy considerations. In the accepted mode of judicial reasoning he had to fit the facts into an appropriate legal rule, namely that secondary meaning had not been proven and it is a *sine qua non* of a passing-off action. As has been pointed out, secondary meaning and public confusion are norms which are very uncertain of application and rather fictitious. Therefore, it was appropriate for Keith J. to explain his decision by reference to broadly based principles which would justify ignoring the competing interests, that is to say, protecting the goodwill of the entrepreneur and discouraging unfair competition and public confusion. Insofar as the decision of Keith J. in *Ayerst* at least recites evidence and findings of facts which clearly exhibit the balancing of competing policies it gives guidelines concerning non-statutory protection of product design. Such guidelines are, of course, the necessary ingredient of reasons for judgment if the decision is to have any convincing impact or predictive value at all.⁴⁶

It is suggested that the reasons of Supreme Court of Canada in *Oxford Pendaflex* are weak because there is no clear discussion of the competing policies and no adequate justification for preferring the free-riding defendant over the wronged plaintiff. It has been suggested that the mere finding of no secondary meaning is not very helpful either from a theoretical or practical point of view.

Conclusion

Both the Supreme Court of Canada in the *Oxford Pendaflex* case and the Supreme Court of Ontario in the *Ayerst McKenna* case exhibit the balance of policies which inspire the protection of trade mark theory at common law. In both cases the facts indicate some public confusion, the

⁴⁶ For an excellent article concerning the need for judicial justification of the choice of a rule of law, see W. Conklin, *Clear Cases* (1981), 31 U.T.L.J. 231. The author argues that a judge ought to push behind the choice of a particular rule of law to a second level where consideration must be given to the reasons why the rule ought to be followed. This second level goes beyond the descriptive enterprise of choosing a rule of law to a normative one of justifying the choice of the rule.

intentional appropriation of goodwill by the defendant, and the assumed benefits to the public of a freely competitive market. However, both cases are decided on the ground of absence of secondary meaning, which, when the concept is examined, is extremely uncertain and probably largely fictitious. A reasoned and convincing justification of the decisions was necessary given the facts of the cases and the competing interest involved. In the justificatory articulation, the Supreme Court of Canada, as the final appellate court in the land, has not excelled.

G.R. STEWART*

* * *

BANKING—CHEQUE—PERSONAL LIABILITY.—*Allprint Co. Ltd v. Erwin*¹ raised the issue of liability on a cheque on which, in the place for a drawer's signature, there was the printed name of a company, namely Edu-Media Holdings Limited, and below it an ink signature "Grant Erwin". The only writing on the cheque was the name "Grant Erwin".

Section 52(1) of the Bills of Exchange Act² states:

Where a person signs a bill as drawer, endorser or acceptor, and adds words to his signature indicating that he signs for or on behalf of a principal, or in a representative character, he is not personally liable thereon; but the mere addition to his signature of words describing him as an agent, or as filling a representative character, does not exempt him from personal liability.

Also section 131 of the same Act states:

No person is liable as drawer, endorser or acceptor of a bill who has not signed it as such; but when a person signs a bill otherwise than as a drawer or acceptor he thereby incurs the liabilities of an endorser to a holder in due course and is subject to all the provisions of this Act respecting endorsers.

The trial judge gave judgment for the plaintiff and the defendant appealed successfully to the Ontario Court of Appeal. After reviewing the authorities, Mr. Justice Dubin (who gave the judgment of the court) concluded³ "that the cheques in issue were those of the corporation. Certainly it could not be said that the cheques so clearly established individual liability that extrinsic evidence could not be looked at. When one has resort to extrinsic evidence, in this case it was clear, as counsel for the plaintiff so frankly conceded, that it was the intention of the parties that the cheques should only pledge the credit of Edu-Media Holdings Ltd, and in my opinion, to hold otherwise would work a great injustice". The extrinsic evidence included information that Grant Erwin was president

*G.R. Stewart, of the Faculty of Law, University of Windsor, Windsor, Ont.

¹ (1982), 38 O.R. (2d) 13.

² R.S.C. 1970, c. B-5.

³ *Supra*, footnote 1, at p. 20.

and chief executive officer of Edu-Media Holdings Ltd and a signing officer. The following are the main cases adverted to in the judgment.

In *Holz v. G. & G. Parkdale Refrigeration*⁴ there was just a signature under the printed name of the company, and it was held that the signer was personally liable. *Holz* was disapproved by the Ontario Court of Appeal in *Allprint*. In *H.B. Etlin v. Asselstyne*⁵ there was also just a signature below the printed name of the company. The court admitted extrinsic evidence as to the intention of the signer, and also stated that the "plaintiff had accepted many cheques so signed in the past in similar transactions and was aware that it was a company cheque, that the company had an account at the branch in question but the defendant had not, and that the plaintiff had proved for the amount of this debt in the company bankruptcy proceedings".⁶ In the contemporaneous case of *Alliston Creamery v. Grosdanoff and Tracy*⁷ there were two signatures with the company name stamped below. The signers were held personally liable. *Albert Pearl (Management) v. J.D.F. Builders*⁸ concerned a promissory note running "we promise to pay", and with a single signature below the stamped name of the company. In the Supreme Court of Canada, Mr. Justice Spence based his conclusion that the note was made by the company both on the form of the note and on extrinsic evidence. As to the latter, he stated "having reviewed the evidence of Albert Pearl, I have come to the conclusion that it was his intention and also the intention of the defendant John D. Fienberg that the note should only pledge the credit of the appellant J.D.F. Builders Limited".⁹

How should the statutory rules be applied to an instrument under the Bills of Exchange Act where there is a signature *simpliciter* beneath a printed or stamped company name? Should extrinsic evidence be admissible, or should the question be answered from the form of the instrument alone?

There is no provision in section 52 of the Bills of Exchange Act authorising the admission of extrinsic evidence. Also it is one of the main themes of the Act that a holder of such an instrument should be able to ascertain the rights and obligations of parties from an inspection of the instrument alone, without the need to make extrinsic inquiries. This theme is implied in section 52. Dr. Falconbridge¹⁰ stated in regard to *Fairchild v.*

⁴ (1980), 30 O.R. (2d) 513, 117 D.L.R. (3d) 185.

⁵ [1962] O.R. 810, 34 D.L.R. (2d) 191.

⁶ *Ibid.*, at p. 811 (O.R.).

⁷ [1962] Q.R. 808.

⁸ [1973] 1 O.R. 594, 31 D.L.R. (3d) 690; [1975] 2 S.C.R. 846, 49 D.L.R. (3d) 422.

⁹ *Ibid.*, at p. 854 (S.C.R.).

¹⁰ *Banking and Bills of Exchange* (6th ed., 1956), Ch. 46. This was the last edition written by Dr. Falconbridge himself.

Ferguson (where extrinsic evidence was admitted)¹¹ that the “decision gives effect to the intention of the parties, but it is difficult to reconcile it with a strict reading of s. 52”. If extrinsic evidence is admissible in the case of a bill with a printed company name and one signature *simpliciter*, a person to whom the bill is sent or offered does not know from an inspection of the instrument alone who is liable on it. This would be an unfortunate defect in a commercial instrument which is capable of being negotiated, discounted, and so on, in a variety of transactions.

If extrinsic evidence is not admitted, how can we deal with the signature below the printed company name? It is submitted that section 52 restricts one to the form of the instrument and whatever can be implied from that. What is required is an interpretation of the *instrument*, not an inquiry into the intention of the signer and the circumstances surrounding the signing. A bill drawn,

for The Happy Company [Printed]
John Doe [Written]

is clearly a company signature.¹² The difference between this and the form discussed in this comment is the word “for” (or equivalent). So the interpretation question is whether “for” can be implied from the appearance of the instrument. *Chapman v. Smethurst*¹³ supports answering this question in the affirmative. In this case a note was signed “J.H. Smethurst’s Laundry and Dye Works Limited (stamped); J.H. Smethurst, Managing Director” (written). It was decided that only the company was liable on the note. Vaughan Williams L.J. stated: “It is true that in the present case the promissory note does not profess to be signed ‘for’ or ‘on account of’ the company, but we have that which is equally strong to show that the company intended to be bound by the note, that is, the stamped signature of the company at the foot of the note and placed over the written signature of the defendant.”¹⁴ Kennedy L.J. was of the opinion that the question depended on the intention of the parties and that this must be gathered from the terms of the instrument alone. The addition of the words “Managing Director” did nothing to contribute to the result, because of the final part of section 52(1), namely, “but the mere addition to his signature of words describing him as an agent, or as filling a representative character, does not exempt him from personal liability”. So *Chapman v. Smethurst* observes the provision of the Bills of Exchange Act that, in order to exclude personal liability (as well as the signature), there must be *on the instrument* words “indicating that he signs for or on behalf of a principal, or in a representative character . . .”.

¹¹ (1892), 21 S.C.R. 484. Falconbridge, *op. cit.*, *ibid.*, p. 594.

¹² If Doe does not have authority to put on the signature of the company, the drawing can be challenged under s. 49 of the Bills of Exchange Act.

¹³ [1909] K.B. 927.

¹⁴ *Ibid.*, at p. 929.

The words were "J.H. Smethurst's Laundry and Dye Works Limited" and because of their juxtaposition to the signature, it was held that they were words "indicating" that the signature was in a representative character. This case is wholly consistent with the terms of section 52, and it is preferable to admitting extrinsic evidence by the Ontario method. Indeed, the whole problem could probably be set at rest by a simple amendment to the Bills of Exchange Act providing that:

The Happy Company [Printed]
John Doe [Written]

is equal to:

for The Happy Company [Printed]
John Doe [Written]

*Canada Life Assurance v. Canadian Imperial Bank of Commerce*¹⁵ is another recent case which raises doubts about the consistency of the reasoning with the provisions of the Bills of Exchange Act. Cheques were issued in Canada addressed to a New York branch of the Canadian Imperial Bank of Commerce payable to persons in the United States, and the question was whether they were "inland" or "foreign" bills of exchange. The relevant parts of section 25 of the Bills of Exchange Act state:¹⁶

(1) An inland bill is a bill that is, or on the face of it purports to be . . . (b) drawn within Canada upon some person resident therein. (2) Any other bill is a foreign bill.

The Supreme Court of Canada held that the cheques were foreign bills because the C.I.B.C. had a residence (through its branch) in New York.

A branch is not a "person" because it does not have legal personality. The "person" in this case is the corporation, that is the C.I.B.C. Also section 17 provides that a bill must be "addressed by one person to another" and so the drawee is the corporation and not the branch.

The logical scheme for the application of section 25 to the facts, appears to be as follows:

- (1) A bill drawn in Canada upon a person resident therein, is an inland bill.
- (2) To be a foreign bill, a bill must not comply with proposition (1).
- (3) Therefore, to be a foreign bill, a bill drawn in Canada must be drawn upon a person not resident in Canada.
- (4) C.I.B.C. is resident in Canada.

The Supreme Court of Canada decision seems to read section 25(2) as if it stated:

Any bill drawn upon a person not resident in Canada, or addressed to a foreign residence of a person resident in Canada, is a foreign bill.

IAN F.G. BAXTER*

* * *

¹⁵ (1979), 98 D.L.R. (3d) 670.

¹⁶ *Supra*, footnote 2.

* Ian F.G. Baxter, of the Faculty of Law, University of Toronto.

EXTRADITION—POSITION OF EXTRADITION JUDGE—PERSONA NON DESIGNATA: THE UNMAKING OF JUDICIAL FICTION—Was D.M. Gordon fifty-five years ahead of his time in 1927 when he stated that, “the whole *persona designata* conception could be scrapped without the slightest inconvenience or the least distortion of legal principles”¹ or was Dickson J. fifty-five years behind in 1982 when he stated that: “I am now of the view that the concept is a source of more confusion than enlightenment”?² It took this period of time for the concept of *persona designata*—that unique legal contribution of the Canadian judiciary—to be scotched by the country’s highest court.

The long and painful journey which *persona designata* has had through Canadian legal history began in Victorian England with the collapse of the reservoir of the Sheffield Waterworks Company. The English Parliament enacted The Sheffield Waterworks Act in 1864³ to assess claims and provide compensation to those who suffered water damage from the burst reservoir. The Act created a body of commissioners to settle claims and give a “certificate of costs”. These costs were to be taxed by “a master of a superior court of law at Westminster”. In a reference to the courts,⁴ it was held that “the masters are merely twelve designated persons, not acting as officers of any court”⁵ but as legislated appraisers. The masters thus taxed as *personae designatae*.

The concept of *persona designata* did not develop much further in England. Similarly, in the United States, it remained unknown.⁶

In Canada, however, the notion fell upon “fertile soil”⁷ and retained a “vigorous existence”.⁸ While building the Canadian railway, the Canadian Pacific Railway Company decided to expropriate lands owned by The Little Seminary of Ste. Thérèse to build a gravel pit. The Superior Court of Quebec granted compensation to the Seminary for the lands taken, relying on provisions of the Railway Act.⁹ On eventual appeal to the Supreme Court of Canada,¹⁰ the argument arose as to whether the Superior Court

¹ *Persona Designata* (1927), 5 Can. Bar Rev. 174, at p. 185.

² *Minister of Indian Affairs and Northern Development v. Ranville et al.* (1983), 139 D.L.R. (3d) 1 (S.C.C.), at p. 8.

³ 27 & 28 Vict., c. 72.

⁴ *In Re The Sheffield Waterworks Act, 1864. Collis' Claim. Wraithby's Claim* (1865-66), L.R. 1 Ex 54.

⁵ Per Bramwell B., *ibid.*, at p. 57.

⁶ Per Dickson J., at pp. 742-743 and Laskin C.J., at p. 732 in *Herman et al. v. The Deputy Attorney General of Canada*, [1979] 1 S.C.R. 729.

⁷ Per Dickson J., *ibid.*, at p. 743.

⁸ Per Laskin C.J., *ibid.*, at p. 732.

⁹ R.S.C. 1886, c. 109.

¹⁰ *The Canadian Pacific Railway Company v. The Little Seminary of Ste. Thérèse* (1890), 16 S.C.R. 606.

Justice was sitting as a judge—in which case an appeal was proper—or as a *persona designata*—from which no appeal could be taken. A unanimous court held that the judge was sitting as a *persona designata*. Sir W.J. Ritchie C.J. said quite simply and without authority: “I also think that under the Railway Act the judge is a *persona designata*.”¹¹ Patterson J. relied upon *Re Sheffield Waterworks*¹² in reaching the same conclusion. As the railways moved across Canada, the courts interpreted the judge’s role in Railway Act expropriations in a consistent fashion.¹³ Not as consistent, although clearly established, was the personality of the *persona designata* as it developed through the next several decades into other areas of the Canadian legal fabric.¹⁴

Nowhere was the concept of *persona designata* as important as in proceedings under the Extradition Act.¹⁵ The extradition judge performs his judicial duties under the Act in a hindered capacity. Foreign evidence can be given by affidavit¹⁶ with defence counsel having no right to cross-examine regardless of the inherent unreliability¹⁷ or perjured content of the affidavit.¹⁸ This evidence cannot be weighed by the court—merely analyzed for sufficiency.¹⁹

Before the enactment of the Federal Court Act in 1971,²⁰ the recourses from the findings of an extradition judge were clearly established. If the accused was not ordered committed for extradition, the proceedings were terminated.²¹ Like a preliminary inquiry, however, the finding was not

¹¹ *Ibid.*, at p. 611.

¹² *Supra*, footnote 4. It is interesting to note that the judgment in *In Re The Sheffield Waterworks Act, 1864* did not at any time use the phrase *persona designata*. It first apparently arose in argument of counsel for the respondent, S. Pagnuelo, Q.C.

¹³ *The Canadian Northern Ontario Railway Company v. Smith* (1914-15), 50 S.C.R. 476.

¹⁴ *Cf.*, for example, *St. Hilaire v. Lambert* (1910), 42 S.C.R. 264, dealing with the Alberta Liquor License Ordinance; *Godson v. The Corporation of the City of Toronto et al.* (1891), 18 S.C.R. 36, dealing with a resolution of Toronto city council; *Plante v. Forest et Cormier* (1936), 61 Que. K.B. 8, dealing with the actions of a judge presiding as a returning officer; *Hynes v. Swartz*, [1938] 1 D.L.R. 29 (Ont. C.A.), dealing with suspensions under the Architects Act.

¹⁵ R.S.C. 1970, c. E-21.

¹⁶ *Ibid.*, s. 16.

¹⁷ *United States of America v. Sheppard* (1977), 70 D.L.R. (3d) 136 (S.C.C.).

¹⁸ *The People of the State of California v. Meier and Hazlewood*, [1982] B.C.D. Crim. Conv. (S.C.B.C.) 5475-01.

¹⁹ *Supra*, footnote 17.

²⁰ R.S.C. 1970, c-10 (2nd Supp.).

²¹ *Cf.*, *The United States of America v. Link and Green*, [1955] S.C.R. 183, where leave to appeal to the Supreme Court of Canada was refused, the court declining jurisdiction. Also, G.V. LaForest (now J.A., N.B.C.A.), *Extradition to and from Canada* (2nd ed., 1977), p. 118.

final and a warrant of apprehension could be signed and a new extradition hearing conducted on the same or any other evidence.²²

If the accused was ordered committed, he had a statutorily recognized recourse to *habeas corpus*.²³ *Habeas corpus*, although not an appeal, was at least a judicial review of the legality of the committal.

The Federal Court Act²⁴ seemed to provide greater remedies for both the accused against whom committal was ordered and the foreign country when he was not ordered committed. Section 28 appeared to give each of these parties the right to seek review by the Federal Court of Appeal of the decision or order of a "Federal board, commission or other tribunal" on the grounds that it:

- (a) failed to observe a principle of natural justice or otherwise acted beyond or refused to exercise its jurisdiction;
- (b) erred in law in making its decision or order, whether or not the error appears on the face of the record; or
- (c) based its decision or order on an erroneous finding of fact that it made in a perverse or capricious manner without regard for the material before it.

Section 2 defined a "Federal board, commission or other tribunal" to include persons exercising powers under an Act of the Parliament of Canada but not pursuant to section 96 of the British North America Act.²⁵ In other words, if the extradition judge was acting as a federally appointed judge, the Federal Court of Appeal had no power to review his findings; if he was acting as a *persona designata*, the Federal Court of Appeal did.

The first few extradition cases to reach the Federal Court of Appeal concentrated on other issues—mainly, whether the Federal Court of Appeal, regardless of the status of the judge, was allowed to review the findings of the extradition court. In other words, was the finding a "decision or order" as required by section 28? The Federal Court of Appeal decided that it did have jurisdiction to review an order for committal²⁶ but that it did not have the jurisdiction to review the non-ordering of committal.²⁷ This set the stage for the Supreme Court of Canada's decision to determine the impact of section 28 of the Federal Court Act on extradition proceedings. The case was *Commonwealth of Puerto Rico v. Hernandez*.²⁸

²² LaForest, *op. cit.*, *ibid.*, p. 118, n. 2.

²³ The Extradition Act, *supra*, footnote 15, s. 23; LaForest, *op. cit.*, *ibid.*, pp. 118-19, 126.

²⁴ *Supra*, footnote 20.

²⁵ 1867, 30-31 Vict., c. 3 (U.K.) now Constitution Act 1867, see Canada Act 1982, c. 11 (U.K.).

²⁶ *State of Wisconsin v. Armstrong* (1976), 8 C.C.C. (2d) 452 (F.C.A.).

²⁷ *Commonwealth of Puerto Rico v. Hernandez*, [1972] F.C. 1076 (C.A.). Therein Jaccett C.J. relied upon *United States of America v. Link and Green*, *supra*, footnote 21.

²⁸ (1973), 14 C.C.C. (2d) 209 (S.C.C.).

Humberto Hernandez was wanted by the Commonwealth of Puerto Rico for the murder of a policeman during student riots. Rather questionable identification evidence was held by Honeywell C.C.J. to be insufficient to order committal. The Supreme Court of Canada wrestled with the question of the jurisdiction of the Federal Court of Appeal to entertain a review under section 28 of the Federal Court Act. Pigeon J., speaking for a five-to-four majority, upheld the right of the Federal Court of Appeal to maintain jurisdiction.²⁹ He quickly disposed of the majority reasoning in the Federal Court of Appeal holding that the failure to order committal was an "order" within the contemplation of section 28.

The next issue that arose, and which had not been addressed by the Court of Appeal in its reasons for judgment, was whether the "decision or order" was one of an extradition judge, exercising jurisdiction under an Act of the Parliament of Canada, in which case it was reviewable or appointed under section 96 of the British North America Act, 1867, in which case it was not.³⁰ Pigeon J. concluded: "When the powers of an Extradition Commissioner are exercised by a County Court Judge, he is acting as *persona designata*, that is, a person deriving his authority, not from his appointment, but from a special Act of Parliament."³¹

After reviewing the acknowledged authorities which recognized *persona designata*³² he concluded that the distinction between a section 96 judge and *persona designata* is "well established" and "under the *Extradition Act*, it is especially clear that a judge acts as a *persona designata*. . .".³³

Going further, Pigeon J. offered advice, by way of *obiter* to counsel for the demanding country. Even if section 28 was not an available remedy, mandamus ought to be.³⁴

. . . on principle, I fail to see why a *mandamus* would not have been available in a situation similar to that in which this remedy was held available against a Judge who had erroneously quashed the indictment in *Kipp v. Attorney General of Ontario*, [1965] S.C.R. 57. . . .

Interesting to note is the concurrence of Dixon J. with this majority judgment.

Laskin C.J., writing a strong dissent, disagreed with several of the expressed views of the majority. Pigeon J.'s suggestion that mandamus

²⁹ *Ibid.*, at p. 211.

³⁰ Honeywell C.C.J. was, in fact, a County Court judge appointed pursuant to s. 96 of the British North America Act. In Canada all County Court judges and Supreme Court justices are s. 96 appointees.

³¹ *Supra*, footnote 28, at p. 216.

³² *Supra*, footnote 14.

³³ *Supra*, footnote 28 at p. 217.

³⁴ *Ibid.*, at p. 215.

was an alternate remedy for the Commonwealth of Puerto Rico received summary dismissal in the opening sentence of the Chief Justice's dissent:³⁵

It is common ground in this appeal that prior to the passing of the *Federal Court Act* . . . there was no appeal from, or any other reviews of the discharge of a person in extradition proceedings. . . .

He repeated this point later in his judgment.³⁶

It is for the Minister to determine if there should be a surrender, and I doubt whether mandamus would lie to compel him to that act. . . .

The Chief Justice addressed the major problem—that of jurisdiction of the Federal Court—by examining its historical roots. The criminal jurisdiction conferred on the Federal Court was, according to Laskin C.J., of very limited character. It was the jurisdiction originally reposed in the Exchequer Court to carry out prosecutions under the Combines Investigation Act.³⁷ This jurisdiction was in the trial division with right of appeal to the Federal Court of Appeal. No other criminal jurisdiction had been explicitly given to the Federal Court and Laskin C.J. refused to accept the notion that the power of review of the extradition proceedings, admittedly criminal proceedings, was given to the Federal Court by section 28.³⁸

[The accused] is already protected by a right to resort to habeas corpus . . . and . . . it cannot be said . . . that this right is implicitly displaced by section 28(1) of the *Federal Court Act*. . . .

Nowhere in the dissent was the concept of *persona designata* discussed.

From October 29th, 1973, the date of the *Hernandez* judgment, it was not questioned that the extradition judge sat as a *persona designata*. Perhaps at no time throughout its eighty-four-year history had the concept been so comfortably entrenched in Canadian law.

As G.V. LaForest wrote:³⁹

It is now settled, therefore, that in exercising his functions under the Extradition Act, an Extradition Judge is acting as a *persona designata* and as such is a Federal board, commission or tribunal as defined in the Federal Court Act, and his decision to commit or not commit for surrender is a "decision or order" within the meaning of the Act. And there can be no objection that extradition is a criminal matter because the Federal Court is invested with both civil and criminal jurisdiction.

Between 1973 and 1982, numerous extradition cases found their way into the Federal Court of Appeal for review under section 28.⁴⁰ As late as

³⁵ *Ibid.*, at p. 219.

³⁶ *Ibid.*, at p. 221.

³⁷ R.S.C. 1970, c. C-23, as am.

³⁸ *Supra*, footnote 28, at p. 223.

³⁹ *Op. cit.*, footnote 21, p. 123. See also S.A. Williams, J.-G. Castel, Canadian Criminal Law, International and Transnational Aspects (1981), p. 399.

⁴⁰ *Cf.*, for example, *State of Wisconsin v. Armstrong* (1973), 10 C.C.C. (2d) 271; *Re Commonwealth of Puerto Rico v. Hernandez* (No. 2) (1973), 15 C.C.C. (2d) 56; *Re United States of America and Sheppard* (1975), 20 C.C.C. (2d) 575.

March 1982, in *Government of the Republic of Italy v. Piperno*,⁴¹ Laskin C.J. implicitly accepted the extradition judge as a *persona designata*. Pigeon J.'s judgment in *Hernandez* was the clear, unquestioned and settled law.

Meanwhile, on all other fronts, *persona designata* was beginning to feel a flexing of judicial muscle. This was particularly clear in *Herman et al. v. The Deputy Attorney General of Canada*.⁴² Dickson J. for the majority (with *inter alia* Pigeon J. concurring) took a fresh and critical look at *persona designata*. After an historical review of *persona designata* in Canada, he cited with approval the 1927 critique of the concept:⁴³

I can feel little doubt that most men's verdict, after experience with the *persona designata* idea, is that however plausible it may be, it is little better than a trap for the unwary. . . . There are a hundred sections in our statutes, not yet construed which invite attempts to apply the *persona designata* construction, and in most cases it would puzzle Solomon to predict the view which would prevail.

After an attempt to review and rationalize the court's decisions regarding *persona designata*, including an approving review of *Hernandez*, Dickson J. was frank:⁴⁴

A canvass of the Canadian authorities reveals a distinct need for a greater element of certainty in the application of the notion of *persona designata*.

Meeting his own challenge to provide greater certainty, His Lordship formulated a test as follows:⁴⁵

Prima facie Parliament should be taken to intend a judge to act *qua* judge whenever by statute it grants powers to a judge. He who alleges that a judge is acting in a special capacity of *persona designata* must find in the specific legislation provisions which clearly evidence a contrary intention on the part of parliament. *The test to be applied* in considering which contrary intention appears in the relevant statute can be cast in the form of a question: *is the judge exercising a peculiar and distinct and exceptional jurisdiction, separate from and unrelated to the tasks which he performs from day to day as a judge, and having nothing in common with the court of which he is a member?*

Laskin C.J. wrote a strong concurring opinion. He was persuaded to go further than Dickson J., he said, by his conviction that the courts should be relieved of the interpretive exercises necessary to differentiate judge *qua* judge from judge as *persona designata*. The conviction was brought to the surface by *Hernandez*: "With great respect to the majority decision in *Hernandez*", the Chief Justice attacked it as providing "incongruity" and asserted his view of removing the notion of *persona designata* from extradition proceeding as being "far more rational".⁴⁶ He criticized the concept of *persona designata* as exhibiting "a primitive stage in judicial

⁴¹ (1982) 66 C.C.C. (2d) 1.

⁴² *Supra*, footnote 6.

⁴³ Gordon, *op. cit.*, footnote 1, at p. 184, *supra*, footnote 6, at pp. 743-744.

⁴⁴ *Ibid.*, at p. 749.

⁴⁵ *Ibid.*, at p. 749, italics added.

⁴⁶ *Ibid.*, at p. 735.

understanding. . .⁴⁷ and ended his judgment with a harsh pronouncement:⁴⁸

The concept of *persona designata* came from the Courts, and it can be modified or abolished by the Courts. In my view, I think this Court should declare that whenever a statutory power is conferred upon a Judge or officer of a Court, the power should be deemed exercisable in official capacity as representing the Court unless there is express provision to the contrary.

The tightened noose around the neck of the *persona designata*, whether applying Laskin C.J.'s harsh comments or the majority test of Dickson J. indicated little life was left for the *persona designata*. The "exceptional circumstances" test became the test to be applied and in the four years subsequent to *Herman* no court found such circumstances existing.⁴⁹ However, *Hernandez* was still the law of Canada: an extradition judge sits as a *persona designata*.

On September 28th, 1982, the Supreme Court of Canada decision of *Minister of Indian Affairs and Northern Development v. Ranville et al.*⁵⁰ scotched the *persona designata* and reversed *Hernandez*. The issue at bar was whether the judge reviewing the Indian Registrar's decision on the Indian Act⁵¹ was acting as a *persona designata* or a section 96 judge. If acting as a *persona designata*, an appeal to the Federal Court of Appeal was allowed; if acting as a section 96 judge, no appeal was available. The Federal Court of Appeal had applied *Herman* and held that the judge was not acting as a *persona designata*. The Supreme Court of Canada was equally as unreceptive to the Applicant's argument. Dickson J., writing for a unanimous nine-justice majority, relied on his judgment in *Herman* and a similar judgment in *M.N.R. v. Coopers & Lybrand*.⁵² He stated:⁵³

I was rather of the opinion that this troublesome notion of *persona designata* had been given its quietus in the recent *Herman* decision. The Chief Justice's aversion in *Herman* to the concept of *persona designata* could not have been more evident.

After dismissing the action at bar, Dickson J. took a rare step. Admitting that the concept was a source of more confusion than enlightenment, he adopted the parting words of the Chief Justice in *Herman*.⁵⁴

⁴⁷ *Ibid.*, at p. 732.

⁴⁸ *Ibid.*, at p. 736.

⁴⁹ In *Minister of Indian Affairs and Northern Development v. Ranville et al.*, *supra*, footnote 2, counsel could provide no authority in which the test had been met. Dickson J. cited five cases in which his test had been applied and not met: *Reference re Residential Tenancies Act* (1980), 26 O.R. (2d) 609 (Ont. C.A.); *Williams v. The Queen in Right to Canada*, [1981] 1 W.W.R. 606 (B.C.C.A.); *Collins v. The Queen*, [1980] 1 F.C. 146 (F.C.A.); *Les Equipment Rocbec v. M.R.N.*, [1980] C.S. 1089 (Que. S.C.); *Re Cataract Ice Ltd and B.P. Oil Ltd* (1981), 31 O.R. (2d) 644 (Ont. H.C.).

⁵⁰ *Supra*, footnote 2.

⁵¹ R.S.C. 1970, c. I-6.

⁵² [1979] 1 S.C.R. 495.

⁵³ *Supra*, footnote 2, at p. 6.

⁵⁴ *Supra*, *ibid.*, at p. 8.

. . . I would declare that whenever a statutory power is conferred upon a s. 96 judge or officer of a court, the power should be deemed exercisable in an official capacity as representing the court unless there is express provision to the contrary.

Dickson J. also decided not to let *Hernandez* remain hanging in the wind. He cut it down quickly, cleanly and with no apologies to his complete reversal of opinion from that cause célèbre nine years previously. He recognized the conflict of his instant declaration with *Hernandez* and with the common law principle of *stare decisis*:⁵⁵

In this instance, adherence to the *stare decisis* principle would generate more uncertainty than certainty. . . . Thus, continued recognition of the distinction approved by this Court in *Puerto Rico v. Hernandez* can only have the effect of creating doubt as to which review or appeal route a party should follow. The judge made concept of *persona designata*, so far as I can determine, serves no useful purpose in the present context, and can readily be jettisoned without prejudice to legal principle.

As of September 28th, 1982, *Hernandez* was bad law.

It took the Federal Court of Appeal exactly eight days to react. The extradition judge in *The People of the State of California v. Meier and Hazlewood* had ordered Meier committed but ordered Hazlewood released on March 1st, 1982.⁵⁶ Meier appealed to the Federal Court of Appeal for a review of his committal. *The People of the State of California* appealed to the Federal Court of Appeal for a review of Hazlewood's release. Both appellants acted correctly in choosing their recourse under the law as it then existed. The hearing was set for October 5th, 1982. In quashing both motions for lack of jurisdiction on that date, Pratte J., for a unanimous court, said simply:⁵⁷

The Respondent's motion to quash granted and the section 28 application herein is quashed on the ground that it is directed against the decision which this Court has no power to review under section 28 of the *Federal Court Act* (see: unreported decision of the Supreme Court of Canada in *The Minister of Indian Affairs v. Ranville*, September 28, 1982).

The circle has now been closed. A troublesome judicial fiction has been eliminated. That it was done by reversal of *stare decisis* indicates a judiciary which is confident with its own reasoning.

One question remains to be considered— what are the recourses both of the accused who was ordered committed after an extradition hearing and the foreign state which is denied committal.

Conventional thought gives the unsuccessful foreign state no recourse other than to reinstate extradition proceedings.⁵⁸ The majority judgment of

⁵⁵ *Ibid.*, at p. 9.

⁵⁶ *Supra*, footnote 18.

⁵⁷ *The People of the State of California v. Hazlewood*, F.C.A. #A-184-82 (Van. Reg.), Oct. 6th, 1982.

⁵⁸ Per Laskin C.J. in *Hernandez*, *supra*, footnote 28, at p. 219; LaForest, *op. cit.*, footnote 21, p. 118.

Pigeon J. in *Hernandez* suggests that mandamus is available,⁵⁹ as did the implicit acceptance of the process by Laskin C.J. in *Government of the Republic of Italy v. Piperno*.⁶⁰ This was, of course, quite possible as long as the extradition judge sat as a *persona designata*. One powerful restriction of mandamus is that it is not available against the Crown or a servant of the Crown unless that servant is acting as a *persona designata*.⁶¹ Since the extradition judge is no longer acting as a *persona designata*, it follows that mandamus is no longer available.

The unsuccessful accused retains his recourse to the superior court of his province for *habeas corpus* with possible further appeal to the Court of Appeal.⁶² One effect of *Ranville* is that no *bona fide* questions of law can be properly reviewed by a higher court to provide assistance to extradition judges in subsequent inquiries. Complex questions of jurisdiction, proof of foreign law, or inadmissibility of evidence—documentary under section 30 of the Canada Evidence Act or by way of affidavit under section 16 of the Extradition Act⁶³ will continue to be dealt with by the extradition judge. If his ruling is unfavourable to the foreign state, the foreign state has no recourse to have the matter reviewed by a higher court. If unfavourable to the accused, he probably has no recourse as far as the Court of Appeal of his province. This leaves the law in an unsatisfactory state. Despite the recent boldness of the judiciary⁶⁴, any further changes to the appeal or review procedures in the law of extradition will have to come from Parliament. The last major revision of the Extradition Act occurred in 1882. Was

⁵⁹ *Ibid.*, at p. 215.

⁶⁰ *Ibid.*, *supra*, footnote 41.

⁶¹ J.A. de Smith, *Judicial Review of Administrative Action* (3rd ed., 1973), p. 495, relying on *Minister of Finance v. The Queen*, [1935] S.C.R. 278; *R. v. Leong Ba Chai*, [1954] S.C.R. 10, and *R. ex rel Lee v. Workmen's Compensation Board*, [1942] 2 W.W.R. 129.

⁶² This recourse is treated thoroughly, although, it is submitted, incorrectly, in LaForest, *op. cit.*, footnote 21. LaForest suggests at p. 132 that the provisions of the Criminal Code which provide an Appeal in Criminal Code cases, also apply to *habeas corpus* under the Extradition Act. The reasoning of La Forest is supported by the Ontario Court of Appeal, en banc, in *Her Majesty The Queen and The Federal Republic of Germany v. Albert Helmut Rauca* (April 12th, 1983) wherein the court reversed its decision in *Re Johnston and Shane* (1959), 124 C.C.C. 23. This logic stretches itself quite thinly, in order to provide some recourse to an accused. The common law gave no right to appeal from *habeas corpus*. This has been altered for Criminal Code offenses but not otherwise. Bail provisions in the Criminal Code, for example, do not apply to bail under the Extradition Act but bail can be granted through other legislative sources (*Cf. Re Meier and United States of America (No. 1)* (1979), 45 C.C.C. (2d) 451, per Fulton J. and *Re Commonwealth of Virginia and Cohen* (1973), 12 C.C.C. (2d) (F.C.T.D.), per Heald J.).

⁶³ All of these issues were ruled upon, by interlocutory motion or in final judgment by Toy J. in *The People of the State of California v. Meier and Hazlewood*, *supra*, footnote 18, and (1983), 69 C.C.C. (2d) 177, (1983), 69 C.C.C. (2d) 181, (1982-83), 8 W.C.B. 18, *cf.* also *Government of the Republic of Italy v. Piperno*, *supra*, footnote 41.

⁶⁴ Both in *Ranville*, *supra*, footnote 2, and in *Rauca*, *supra*, footnote 62.

Parliament of that day 100 years ahead of its time or is the present
Parliament 100 years behind?

ROBERT A. KASTING*

* Robert A. Kasting, of the Bar of British Columbia, Vancouver.