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IS THE CANADIAN LEGISLATION ON TRADE MARKS ULTRA VIRES?

During a recent discussion of the well-known Australian "union-label case,"[1] in which the question at issue was whether "workers' trade marks" were in reality "trade marks" within the meaning of that term as used in the Australia Constitution Act,[2] and thus, subject to law,[3] a proper matter for legislation by the parliament of the Commonwealth, my attention was turned to the position of trade marks in Canadian law. The judgment in the Australian case, while of interest in the general field of law, is for my present purpose immaterial. I merely refer to the case as an explanation of the occasion on which I first considered certain questions which I venture to discuss.

At the outset, I wish to state that I hope I am raising no canard, and that I do not desire to be considered as taking the side either of the Dominion or of the Provinces. If there is no problem, I shall have had my curiosity satisfied. If there is, I would ask discussion from the profession, in which, however, I wish to take no part, as I desire rather to be informed and guided. Above all, I make no claim whatever to discuss as an expert the law of trade marks. I am suggesting a matter of legislative jurisdiction, and I refer to the law of trade marks only incidentally in relation to that matter, and, even then, with reluctance.

Before Canadian federation in 1867, some, if not all, of the federating colonies had passed statutes covering (i) patents of in-

[1] *Attorney-General for New South Wales* v. *Brewery Employees' Union*, (1908), 6 C.L.R. 469.

[2] 63 and 64 Vict. c. 12. 51 (xviii).

[3] The rule in *ibid*, section 109, as interpreted in *Baxter* v. *Commissioner of Taxes for New South Wales*, (1907) 4 C.L.R. at p. 1129.

vention and discovery, (ii) copyright, (iii) trade marks. During the preliminaries to federation there seems to have been no discussion or disagreement over these three classes of subjects; or, if there was, I have, up to the present, failed to trace it. Be that as it may, "patents of invention and discovery" and " copyrights" are included in the Quebec Resolutions of 1864,[4] in the Westminster Palace Hotel Resolutions of 1866,[5] and in the British North America Act of 1867[6] among the enumerated subject-matters assigned exclusively to the jurisdiction of the Parliament of Canada; whereas "trade marks" are given no such distinction and are not mentioned in either of the preliminary sets of Resolutions or in the Act. We might conclude, then, that the intention was that a subject-matter nearly always thought of in connection with patents and copyrights (and sometimes confused with the latter[7]), since for many years English lawyers and judges had been discussing these three forms of "property" before the passing of the British Trade Marks Registration Act of 1875,[8] and one on which some, if not all, of the colonies had passed legislation before 1867, was deliberately dislocated from its traditional group, was specially omitted from the enumerated powers of the Canadian parliament, and was left under the control of the Provinces. This presumption, however, if such it be, must be considered in light of the fact that in 1868 the parliament of Canada passed a statute respecting trade marks.[9] This statute originated in the Senate, and for the moment I have found no discussions connected with it. It is, however, interesting to note that, when the statutes of Ontario were revised in 1877, and when, during that revision the preconfederation legislation of the Province of Canada was examined, jurisdiction over trade marks was apparently conceded to the exclusive control of the Dominion.[10] It may be significant that, in the year of this revision, Oliver Mowat, a "father" of

[4] Kennedy, *Statutes, Treaties and Documents of the Canadian Constitution*, p. 544 (Oxford, 1930).

[5] *Ibid*, p. 613.

[6] 30 and 31 Vict. c. 3, 91 (22, 23).

[7] Cf. *Dicks* v. *Yates*, 18 Ch. D. 76; *Higgins* v. *Keuffel*, (1891), 140 U.S. 428, 431; *Courier Lith. Co.* v. *Donaldson Lith. Co.* (1900), 104 Fed. 993; *Louis de Jouge & Co.* v. *Breuker and Kessler Co.* (1910), 182 Fed. 150. We may here note that property in and rights to trade marks are governed in the United States by State laws, and that Congress possesses no specific authority to legislate on trade marks save such as is strictly within its legislative power "to regulate commerce with foreign nations, and among the several States and with the Indian tribes." (Constitution of the United States, Article 1, section 8). See the judgment of Miller, J., in *Trade Mark Cases* (1879), 100 U.S. 82, 93, 95-99, 25 L. Ed. 550.

[8] 38 and 39 Vict. c. 91.

[9] 31 Vict. c. 55.

[10] R.S.O. (1877) vol. ii, Appendix A.

federation and the strong champion of "provincial rights," was prime minister and attorney-general of Ontario. In addition, there does not appear to be any discussion over the validity or otherwise of federal legislation in relation to trade marks either in the law reports or in the learned "annotations" on trade marks.[11] One of the learned writers of the "annotations" on constitutional law remarks:

> Such a power [over trade marks] is conceded, though not expressly granted in our Federation Act, to the Dominion, no doubt as incidental to, or included in, its exclusive jurisdiction over "the regulation of trade and commerce."[12]

The remark is undoubtedly *obiter* in another connection, and, as it stands, it seems to beg the whole question.

As is well-known, a trade mark is a type or form of property. Of course, of a trade mark, as has been said somewhere, it is impossible to speak in terms suited to "absolute" kinds of property, because there appears to be no legal right to the sole use of a trade mark in any abstract sense and apart from its employment in relation to some particular class of goods belonging to a particular man or trader. All this is, in the law of trade marks, commonplace; but for my purposes I want to recall that a trade mark is "property," in that such protection as it may enjoy rests on property, and that the "civil right" to a trade mark as protected in law for its use, for its purchase and sale, rests on property. "Property" in a trade mark is of a peculiar type in that it becomes such by being connected with a particular class of goods. In other words "property" in a trade mark rests on "physical" property.[13] All this colours the present Canadian legislation on trade marks.[14] This legislation does not create property rights in trade marks, it assumes them; and the minister for purposes of the Act has duties in the matter of existing property rights. The legislation, also, *inter alia*, defines trade marks and what shall be deemed to be trade marks for purposes of the Act, provides for their registration and exclusive use, for their assignment, for the duration of rights in them, for cancellation, for offences and penalties, for warranty upon sale, and (section 20) that "no person shall institute any proceeding to prevent the infringement of any trade mark, unless such trade mark is registered in pursuance of

[11] D.L.A. (Revised), vol. ii, at pp. 1862-1940.

[12] *Ibid*, vol. 1, at p. 556.

[13] I have not thought it necessary for the purposes of this paragraph to cite the well-known cases. For an excellent modern discussion of trade marks as "property," see F. I. Schechter, *The Historical Foundations of the Law relating to Trade Marks* (New York, 1925), where the varieties of definition, judicial and otherwise, are discussed.

[14] R.S.C. (1927), c. 201. See, Hagarty, C.J.O. (*infra*).

this Act."[15] Thus the statute deals with trade marks along some of the older principles of law and equity in which a form of property had been established to which certain rights were attached—a trade mark is property and its ownership gives rise to rights. *A priori*, then, we might be inclined to suggest that, from many points of view, legislative jurisdiction over trade marks might belong to the Provinces, if not absolutely yet in certain respects.

Here, however, we must recall certain principles of interpreting the British North America Act, which are more or less so well established that it would be wearisome to illustrate them from the cases, now in this connection commonplace in our constitutional law. For example, we cannot take the term "property and civil rights in the province" of section 92 of the British North America Act in its widest sense, for otherwise it would not be possible to work section 91 of the Act in relation to the legislative powers of the parliament of Canada. We must conclude that any "property" or "civil rights," if such there be, which are specially enumerated in section 91 are excepted out of the enumerations of section 92. The question now arises, seeing that trade marks are not specially mentioned in section 91, can we bring the legislation on them under the authority of one or more of the enumerated subject-matters of section 91, for, if we can, we thus legally establish federal control in whole, or in part as in the "liquor trade." I rule out any argument drawn from the power given to the federal parliament in section 91 to legislate "for the peace, order, and good government of Canada"; for, in the light of the decisions, I venture to submit that the Canadian legislation respecting trade marks must be defended under one or more of the enumerated subjects in section 91. I also rule out the provisions of the Canadian statute covering "offences and penalties,"[16] and the sections of the Criminal Code dealing with trade marks;[17] for, at the moment, I am prepared to admit that, wherever legislative jurisdiction over trade marks may lie, the federal parliament could in some proper way deal with them under forgery and fraudulent marking.

An examination of the British North America Act leads to the conclusion that a defence of the Canadian legislation respecting trade marks must rest on the exclusive enumerated federal power to legislate for "the regulation of trade and commerce"; remembering

[15] See D.L.A. (Revised) vol. ii, at p. 1927, on this section: "This section does not, however, prevent an action being brought for passing-off or unfair trade competition. . . ."

[16] R.S.C. (1927), c. 201, s. 21.

[17] R.S.C. (1927), c. 36, ss. 486-495.

of course, that this power cannot be read in its widest sense, but must be "restricted in order to afford scope for powers which are given exclusively to the Provincial legislatures,"[18] for otherwise "these words would authorize legislation by the parliament of Canada in respect of several of the matters specially enumerated in section 92 and would seriously encroach upon the local autonomy of the Province."[19] I submit that the Dominion can only normally invade the provincial powers through the exercise of one of its specific powers. That being conceded, we now ask,—can the Dominion under its power over "the regulation of trade and commerce" invade in relation to trade marks the exclusive provincial power over "property and civil rights in the province"—trade marks being "property" peculiarly connected with "physical" property and, in connection with which "civil rights" attach?

I must confess that an examination of the opinions of the Judicial Committee has not thrown much light on the question, as no matter of a similar nature appears to have arisen. It might be possible for me to build up certain arguments by deduction from these opinions; but I refrain from doing so for the simple reason that I wish to stand objectively outside the issue. However, the words of Haldane, L.C., in *John Deere Plow Co.* v. *Wharton*,[20] while they serve as a warning against deductions,[21] yet suggest some lines of approach.

> It must be borne in mind in construing the two sections [sections 91 and 92], that matters which in a special aspect and for a particular purpose may fall within one of them, may in a different aspect and for a different purpose fall within the other. In such cases, the nature and scope of the legislative attempt of the Dominion or the Province, as the case may be, have to be examined with reference to the actual facts if it is to be possible to determine under which set of powers it falls in substance and reality. This may not be difficult to determine in actual and concrete cases. But it may well be impossible to give abstract answers to general questions as to the meaning of the words, or to lay down any interpretation based on their literal scope apart from their context.

Remembering his Lordship's concluding warning, we may, however, suggest that this doctrine of "aspects" may be called in aid in suggesting lines of approach over "the nature and scope of the legislative attempt of the Dominion" respecting trade marks, if that

[18] Cf. *Citizens Insurance Co.* v. *Parsons* (1881), 7 App. Cas. 96; *Bank of Toronto* v. *Lambe* (1887), 12 App. Cas. 581.

[19] *City of Montreal* v. *Montreal Street Railway*, [1912] A.C. 344.

[20] A.C. [1915] 330.

[21] Cf. the warning of Sir Montague Smith in *Citizens Insurance Co.* v. *Parsons*, (*supra*) at p 109. Cf. also Lord Haldane's warning, in connexion with the care necessary in applying the doctrine of "aspects," in *Attorney-General for Canada* v. *Attorney-General for Alberta*, [1916] 1 A.C. 588.

attempt is to be brought "in substance and reality" within federal jurisdiction. Certain questions, then, by no means comprehensive or exhaustive or entirely independent arise:—

(1) Is the Canadian legislation in its *nature and scope* a regulation of trade and commerce?

or

(2) Is it in its *nature and scope* legislation on property and civil rights?

or

(3) Is it, in its *nature and scope,* an Act for the registration of property, and in some respects a prohibitory measure?

or

(4) Is it, in its *nature and scope,* merely a measure, to use the words of Hagarty, C.J.O., "to facilitate the vindication of existing rights," for "the further protection of existing rights"?[22]

or

(5) If (4) be answered in the affirmative, is the legislation, in this *nature and scope,* a due exercise in *substance and reality* of federal powers?

Such questions and many others can be approached if we recall:—

(1) that the power "to regulate trade and commerce" and the power over "property and civil rights" are not absolute.

(2) that a doctrine, which the judicial committee has said must be applied with the greatest caution, may be examined under which and in certain conditions provincial subjects may assume a Dominion-wide importance and may thus become a suitable matter for federal legislation.

(3) that the motives for legislation, while they may be looked to, do not constitute the pith and substance of the legislation, and that the encouragement and promotion of trade, or the rendering its activities more facile do not, *per se,* validate substantial and real federal invasions of provincial powers, for many nation-wide activities are carried out under provincial authority.

(4) that complete legislative authority need not lie either with the Dominion or with the Provinces in relation to a subject-matter proper for legislation (cf. the "liquor trade"); and that both legislative authorities may in certain respects legislate. For example, could the Dominion in relation to Dominion companies regulate the use of their trade marks, while in other respects not infringing on their status, they could and may come under provincial legislation?

These are some of the issues which, with respect and a great deal

[22] *Partlo* v. *Todd,* 14 Appeal Reports (Ontario), 451.

of diffidence, I venture to suggest. Indeed they may turn out to be of no practical importance; for, were the Canadian legislation declared *ultra vires,* I presume that trade marks would resume, following the opinion of the Judicial Committee,[23] their position under law and equity, and that ownership in them would continue to exist and rights continue to flow.

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[23] *Somerville* v. *Schembri,* 12 App. Cas. 453.