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 Oct. 27.  
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 Dec. 10.
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BETWEEN:

CANADIAN SHREDDED WHEAT } PETITIONER;  
 CO. LTD. ....

AND

KELLOGG COMPANY OF CAN- } OBJECTING PARTY.  
 ADA LTD. ....

*Trade mark—Unfair Competition Act, 22-23 Geo. V, c. 38, s. 29, s. 26 (1) and s. 14 (1)—Petition for registration of mark—Issues raised in petition res judicata—Petitioner not entitled to relief provided for in s. 29 of Act in case of mark already registered.*

Petitioner seeks a declaration of the Court, pursuant to s. 29 of the Unfair Competition Act, 22-23 Geo. V, c. 38, that the words "Shredded Wheat" may be registered as a trade mark, on the grounds, *inter alia*, that on March 20, 1928, the petitioner registered under the Trade Mark and Design Act, the words Shredded Wheat as a specific mark for use in association with the sale of biscuits and crackers, and also registered, on April 3, 1929, the said words for use in connection with the sale of cereal foods, and that on May 5, 1938, the petitioner filed an application for registration under the Unfair Competition Act, of the words Shredded Wheat for use as a trade mark in connection with cereal foods, which application was accompanied by a request for cancellation of the aforesaid registrations, to take effect upon the re-registration of the said words as a trade mark.

Notice of the filing of such petition was given in the *Canada Gazette* pursuant to Rule 35 of the Rules of the Exchequer Court. The Objecting Party filed a statement of objections, and, on order of the Court, certain points of law raised therein were set down for hearing.

In June, 1934, the petitioner herein commenced an action in the Supreme Court of Ontario against the objecting party herein and another, for an injunction to restrain infringement of the petitioner's registered trade mark "Shredded Wheat." That action was dismissed and an appeal therefrom to the Ontario Court of Appeals was dismissed. A further appeal to the Judicial Committee of the Privy Council was also dismissed. The Judicial Committee found against the validity of the mark, that it was descriptive of the goods sold, and that it had not acquired a secondary meaning in respect to petitioner's goods.

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*Held:* That the issues raised in the petition are *res judicata*, the judgment of the Judicial Committee being conclusive of the matter.

2. That the existence upon the Register of petitioner's mark is a bar to the petition.
3. That the declaration provided for in s. 29 of the Unfair Competition Act is not to be made in the case of a registered mark.
4. That the relief provided for by s. 29 of the Unfair Competition Act may be the subject of a petition to the Court

ARGUMENT on points of law raised by the objecting party in its statement of objections, in answer to a petition filed in the Exchequer Court of Canada by the above named petitioner for registration of the trade mark Shredded Wheat.

The argument was heard before the Honourable Mr. Justice Maclean, President of the Court, at Ottawa.

*A. H. Elder, K.C.* and *E. G. Gowling* for petitioner.

*O. M. Biggar, K.C.* and *R. S. Smart, K.C.* for objecting party.

The facts and questions of law raised are stated in the reasons for judgment.

THE PRESIDENT, now (December 10, 1938) delivered the following judgment:

The immediate matter before me arises by reason of an Order made, upon consent of counsel, that certain points of law raised by the Objecting Party, in paragraphs 7, 19, 20 and 21 of its Statement of Objections, in answer to a petition filed in this Court by the Canadian Shredded Wheat Company Ltd., should be set down for hearing and disposition. The principal points of law raised are (1) that by virtue of a decision of the Judicial Committee of the Privy Council, in a certain action hereafter to be mentioned, the issues raised in this petition are *res judicata*,

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and (2) that the existence upon the register of the registrations referred to in paragraph 6 of the petition form a bar to the petition.

The Petitioner's proceeding here was taken under s. 29 of the Unfair Competition Act, which reads as follows:

29. (1) Notwithstanding that a trade mark is not registrable under any other provision of this Act it may be registered if, in any action or proceeding in the Exchequer Court of Canada, the court by its judgment declares that it has been proved to its satisfaction that the mark has been so used by any person as to have become generally recognized by dealers in and/or users of the class of wares in association with which it has been used, as indicating that such person assumes responsibility for their character or quality, for the conditions under which or the class of person by whom they have been produced or for their place of origin.

(2) Any such declaration shall define the class of wares with respect to which proof has been adduced as aforesaid and shall specify whether, having regard to the evidence adduced, the registration should extend to the whole of Canada or should be limited to a defined territorial area in Canada.

(3) No declaration under this section shall authorize the registration pursuant thereto of any mark identical with or similar to a mark already registered for use in association with similar wares by any person who was not a party to the action or proceeding in which the declaration was made.

Under that provision of the Act the petitioner seeks a declaration that the words "Shredded Wheat" may be registered as a trade mark on the grounds that since it commenced business, namely, the manufacture and sale of cereal foods, in Canada, and particularly during the past ten years, it has expended large sums of money in advertising its products in association with the trade mark Shredded Wheat; that the words Shredded Wheat have become adapted to distinguish its goods from other goods falling within the same category and were and are used to indicate to dealers and users that such goods are manufactured and sold by the petitioner; that it registered, on March 20, 1928, under the Trade Mark and Design Act, the words Shredded Wheat as a specific trade mark for use in association with the sale of biscuits and crackers, and also registered, on April 3, 1929, the said words for use in connection with sale of cereal foods, cooked or prepared for consumption; and that on May 5, 1938, the petitioner filed an application for registration, under the Unfair Competition Act, which superseded the Trade Mark and Design Act, of the words Shredded Wheat for use as a trade mark in connection with cereal foods, which application was

accompanied by a request for cancellation of the aforesaid registrations, to take effect upon the re-registration of the said words as a trade mark. Notice of the filing of the petition herein was published, as required by Rule 35, in the *Canada Gazette*, and the Kellogg Company of Canada Ltd., herein designated as the Objecting Party, intervened.

In May, 1896, it appears, that one, Perky, obtained a grant of Canadian Letters Patent No. 52,428, covering a new product, a cereal food, which he had invented, and a process and a machine by means of which the new product was prepared or produced, which product could be used in its then condition or could be further cooked by being baked into particular shapes. In August, 1901, the said Perky obtained a grant of Canadian Letters Patent No. 72,695, for "Improvements In and Relating to Machines for Making Biscuits and other Articles," which patent covered the machine which was used and has since been used by the petitioner for the production of biscuit shapes composed of the new product, the subject of patent No. 52,428. This new product was called and was known by the name of "Shredded Wheat," presenting in itself the appearance of having been shredded, and the process in the said patent No. 72,695 was referred to as "shredding the grain."

The patent No. 52,428 expired in the year 1914, and down to that time no one had sold or could lawfully sell in Canada the product known as "Shredded Wheat," except the petitioner and its predecessors in title. The patent No. 72,695 expired in 1919. Upon the expiration of the aforesaid patents, the petitioner's legal monopoly thereunder ceased, and thereafter any manufacturer of the product in Canada could use the apparatus covered by the patents and would be entitled to sell in Canada the products so produced as "Shredded Wheat" or "Shredded Wheat Biscuits," providing he did not infringe any other person's trade mark or pass off his goods as being the manufacture of some other person.

In June, 1934, the petitioner brought action in the Supreme Court of Ontario against Kellogg Company of Canada Ltd., the Objecting Party, and another, for an injunction to restrain infringement of the petitioner's registered trade mark, "Shredded Wheat," and at the trial of such action evidence was heard from a large number of

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witnesses, representative of consumers, retail grocers and wholesale grocers, throughout Canada, for the purpose of establishing that a secondary meaning had been acquired for the words Shredded Wheat, to distinguish the goods of the petitioner.

The action in the Supreme Court of Ontario came on for trial before Mr. Justice McTague who dismissed the action, in a judgment delivered in March, 1936. Upon appeal being taken to the Court of Appeals for Ontario, that Appellate Court dismissed the appeal in a judgment delivered in November, 1936. A further appeal was then taken by the petitioner to the Judicial Committee of the Privy Council, and in February, 1938, judgment was delivered by the Judicial Committee dismissing the appeal, holding that the registered trade mark Shredded Wheat was invalid, was descriptive of the goods and of the material of which it was composed and was the name of the biscuit or product, and that no secondary meaning had been acquired by those words in respect of the petitioner's goods. That judgment refers to the petitioner's trade mark registrations in 1928 and 1929 as an attempt to prolong or retain the monopoly it had under the patent covering the product. The judgment of the Judicial Committee is reported at page 127 of Volume 55 of the Reports of Patent, Design and Trade Mark Cases. That judgment is a lengthy and exhaustive one and I do not propose discussing the reasons advanced for the conclusion there reached, and which are available to any one interested in the issues which arise here. I content myself with saying that their Lordships found in clear and unmistakable language against the validity of the mark Shredded Wheat, against the contention that the mark was not descriptive, and against the contention that it had acquired a secondary meaning in respect of the petitioner's goods. Recently, in November last, the Supreme Court of the United States reached the same conclusion, in respect of the same subject-matter, in the case of *Kellogg Company v. National Biscuit*.

In view of the judgment of the Judicial Committee in the infringement action taken by the petitioner, the Objecting Party here having been one of the defendants therein, I feel impelled to the conclusion that the issues

raised in the petition are *res judicata*. That judgment holds that the words "Shredded Wheat" always constituted the name of, and were descriptive of Perky's invented product, and had been used only in that sense, and that such words never acquired any secondary meaning as being distinctive of goods manufactured exclusively by the petitioner, or indicative of the origin of such goods; essentially this means that the petitioner, or its predecessors in title, had been using the mark Shredded Wheat for over twenty years as being the name of the goods. It was argued that while the mark in question might not have acquired a secondary meaning up to 1928, or 1929, the dates of the registration of the marks now on the Register, that it might have done so in the last nine or ten years. I must say I utterly fail to appreciate the relevancy of that contention, in the state of facts here. It would seem to me that to allow the petition to proceed further would be an abuse of the machinery of the courts, and would offend against the rule that there must be a finality in litigation. I do not think the efforts of the petitioner to register the mark in question on the ground of anything occurring since 1928 can be sound or meritorious. I think that the judgment of the Judicial Committee is conclusive of the matter.

There is, I think, another obstacle in the path of the petitioner. It is to be remembered that it has the mark Shredded Wheat already registered, and it requests its cancellation only when the application for re-registration of the same mark is granted by the declaration prayed for in its petition. Does s. 29 of the Unfair Competition Act permit a person to come before the court and ask for a declaration that a mark already registered has acquired the significance and character contemplated by s. 29? I think not. It seems to me that this section contemplates the case where a mark is in use but not registrable because it cannot meet the requirements of sec. 26 (1), or because it would offend the provisions of s. 14 (1), but in any event an unregistered mark. Sec. 29 gives jurisdiction to the Exchequer Court to entertain a proceeding asking for a declaration that notwithstanding a mark in use is not registrable under any other provision of the Act, that Court may declare, if upon the facts disclosed it seems fit to do so, that such mark has been so used as to indicate a class of goods which were the manufacture of the appli-

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cant or petitioner, and therefore may be registered. I am not using the exact words of the section. I cannot think that the proceeding before me is of that kind. The mark Shredded Wheat is still registered even though it has been held to be invalid, in an action brought by the petitioner for infringement of that registered mark. This proceeding seems to be but another attempt to prolong a monopoly the petitioner, or its predecessors in title, had under the patent covering the product known as Shredded Wheat. The fact of the petitioner's mark being registered is, it seems to me, a bar to the petition. I do not think that s. 29 was intended to meet a case of this kind and I am of the opinion that the point of law raised in the Statement of Objections, and there numbered 21, namely, that the existence upon the Register of the marks referred to forms a bar to the petition, must prevail. I should remark that the Courts of Ontario, and other Provincial Courts, while having jurisdiction in actions for infringement of trade marks, are without jurisdiction in such an action to direct that the trade mark in question be expunged, and therefore no relief to that effect was claimed or made in the litigation to which I have referred.

Another law point raised by the Objecting Party is that s. 29 is only applicable in an action or proceeding already pending in the Exchequer Court, and was not available to a party by filing a petition. It is possible, I think, that in an action for infringement pending in the Exchequer Court a party thereto might in the alternative ask for the declaration contemplated by s. 29, but unless there be reasons which I do not now perceive, or to which my attention has not been directed, I see no reason why any party seeking the relief provided for by s. 29 might not proceed by way of petition. If that is not so, then it seems to me the section had better be repealed altogether.

In view of what I have already said I do not think it necessary to discuss paragraph 20 of the Statement of Objections, one of the law points mentioned in the Order, but if counsel think it desirable that I should pronounce an opinion upon it I shall do so on the settlement of the minutes of judgment. Otherwise there will be judgment according to the conclusions which I have herein expressed, and the Objecting Party will have its costs of the hearing upon the points of law raised. *Judgment accordingly.*