

In the Privy Council.

ON APPEAL

FROM THE COURT OF APPEAL FOR ONTARIO

BETWEEN THE CANADIAN SHREDDED WHEAT
COMPANY, LIMITED (Plaintiff) APPELLANT

AND

10 KELLOGG COMPANY OF CANADA,
LIMITED, and SOLOMON BASSIN, carrying
on business under the name, style and firm of
BASSIN'S CUT-RATE STORES,
(Defendants) RESPONDENTS

Respondents' Case.

1. This appeal is from a judgment of the Court of Appeal for Ontario, affirming a judgment of McTague, J., who dismissed with costs the Appellant's action for the infringement of two trade marks and for passing off. Both trade marks consist of the words "Shredded Wheat", and were alleged to have been infringed by the sale of "Kellogg's Shredded Whole Wheat Biscuits". The claim for passing
20 off was based upon the fact that the biscuits sold by the Respondents are similar in appearance to those made by the Appellant.

2. About the year 1893 Henry D. Perky of Boston, U.S.A., invented a new way of preparing the whole wheat berry for use as food. After being boiled and partially dried, the entire grains of wheat were passed under rollers having tiny grooves, thus reducing the wheat to what Perky described as "threads" or "shreds". Layers of these were deposited one on top of another, and the stream was cut at intervals into pieces of convenient size.

Ex. 7, p. 194
 Ex. 8, p. 204
 Ex. 23, p. 221.

Ex. 37

Perky also invented machines for carrying out his process, and between 1896 and 1904 he obtained Canadian patents for these machines, for the process itself, and for the product in both an uncompressed and a compressed form. The last of these patents expired in 1922. He also obtained a number of patents in the United States.

3. The new product was manufactured and sold in the United States from 1893 onwards by Cereal Machine Company, the assignee of Perky's patents, and by its successors. In 1898 they began to sell it in Canada. In 1905 the Appellant was incorporated, acquired the Canadian patents and began manufacture at Niagara Falls, Ontario. Even after the expiration of the patents, no one else manufactured or sold the new product in Canada until the Respondent Company entered the market early in 1934. 10

p. 144, l. 17—20
 Ex. 19, p. 203

4. The sales of the compressed form have been, comparatively speaking, negligible; but the uncompressed form has been sold in large quantities and has become a popular breakfast dish throughout Canada.

e.g.
 p. 24, l. 26
 p. 36, l. 11—16
 p. 37, l. 2—
 p. 38, l. 15
 p. 125, l. 27—
 p. 126, l. 16
 p. 275
 p. 281, etc.

5. The Appellant and its predecessors have always called Perky's process of breaking up the wheat berries "shredding", the machines which break them up "shredders" or "shredding machines", the filaments produced "shreds", and the product "shredded wheat". To the compressed form they gave the invented name of "triscuit", describing it as "shredded whole wheat toast"; but they have called the uncompressed form simply "shredded wheat" or "shredded wheat biscuit". 20

p. 205, l. 21
 p. 221, l. 27
 Ex. 37, *passim*
 Ex. 32, p. 225

"Shredding" and "shreds" are referred to again and again in Perky's patents; and in 1912 the Appellant registered what in its application it called "a picture of a shredded wheat biscuit in a dish" as a trade mark "to be applied to the sale of shredded cereal biscuit".

Ex. 24, pp. 274—293
 Ex. 40, pp. 295—318
 p. 312, l. 10—14, etc.

p. 287
 p. 279
 p. 293
 p. 312, l. 21

6. At least from 1908 onwards, the Appellant in its advertisements recommended to the public the use of "shredded wheat". In them it says that "Shredded Wheat is made in two forms, Biscuit and Triscuit", the first "for breakfast" and the second "the wafer-toast, delicious for luncheon". It describes the biscuit as "the whole wheat made digestible by steam-cooking, shredding and baking", and the triscuit as "Shredded Whole Wheat compressed into a wafer and used as toast". It says of the wheat grains that "we.....draw them out into delicate, filmy shreds", and it distinguishes "shredded" wheat from wheat prepared by being "flaked", "krumbled" (*sic*) or "puffed". One of the Appellant's witnesses was pressed to suggest any other single word than "shredding" to describe what was done, but could suggest none. 30 40

p. 142, l. 43—
 p. 143, l. 9

7. The public adopted the Appellant's name for the breakfast food. As early as 1901, a contributor to Chambers' Journal, in an article entitled "The Advent of Shredded Wheat", described the advantages of "shredded wheat biscuit" as an alternative to oatmeal for breakfast. Evidence of dealers and consumers throughout Canada, taken by the Appellant in 1935 and directed almost entirely to the biscuit, established that this was and had always been designated by both trade and public only as "shredded wheat" or "shredded wheat biscuit".

Ex. 36, p. 353

pp. 43—109
passim, e.g.
 p. 45, l. 19—27
 p. 47, l. 14—17
 p. 48, l. 42—
 p. 49, l. 8
 p. 49, l. 41—43
 p. 102, l. 14—19

10 8. The Respondents submit that after all this it was not open to the Appellant to contend that the words "shredded wheat" were not in fact descriptive, or to claim the exclusive use of the name which it had itself used, and had led the public to adopt, as the name of the article.

9. In 1924, nevertheless, the American company registered the words "Shredded Wheat" in Canada as a trade mark for "biscuits or crackers". This registration was cancelled in 1927, and in 1928 and 1929 two registrations were made by the Appellant upon which this action is founded. The first of these claimed the words as applied to the sale of "biscuits and crackers", and the second claimed them as applied to the sale of "cereal foods cooked or prepared for consumption".

Ex. 33, p. 241

Ex. 3, p. 270

Ex. 4, p. 272

10. The Respondents submit that these registrations are invalid both (1) because either the words were descriptive, and unregistrable on the principle of *Cellular Clothing Co. v. Maxton*, (1899) A.C. 326, or are mis-descriptive; and (2) because, being the only name of a new article, they would have been unregistrable, on the principle of *Linoleum Co. v. Nairn*, 7 Ch. D. 834, even if they had been invented.

30 11. The claim for passing off rests upon the appearance of the individual biscuits. This is a very narrow foundation for it, since their appearance is relevant only when they are served in hotels or restaurants and there is no evidence that anyone was ever misled.

Both by the manufacturers and by merchants the biscuits are sold only in cartons, and there is no resemblance between the cartons of the Appellant and those of the Respondent Company. The Respondent Company's cartons very prominently display the name "Kellogg", since the Kellogg companies have for many years manufactured a large range of popular cereal products with which their name is commonly associated.

p. 48, l. 19—23
 p. 61, l. 34—39

p. 147, l. 4—35
 p. 102, l. 5—9
 p. 104, l. 13—18

p. 134, l. 11—40
 Ex. 25, p. 327
 p. 38, l. 23
 p. 39, l. 3.
 p. 136, l. 8—
 p. 142, l. 13
 p. 158, l. 3—
 p. 163, l. 40
 p. 166, l. 28—41

12. The appearance of the biscuit is substantially determined by the nature of the product and the character of the patented machines. The Appellant makes its stream of shreds about 4" across and 1" thick, and cuts it at $2\frac{3}{4}$ " intervals into rectangular pieces. In baking, the shreds arch upwards and downwards, thickening and narrowing the biscuit, which finally measures 4" x 2" x 2" and has ridges along the cut sides. This is the most practical and economical shape, and is shown (Ex. 37. p. 3) in an expired design patent obtained by Perky in the United States in 1895. Only the size (and this within narrow limits) can be varied without substantial alteration of the patented machine. 10

p. 157, l. 32—
 p. 163, l. 40
 p. 166, l. 28—41
 p. 168, l. 2—4
 p. 182, l. 41—
 p. 183, l. 3
 p. 183, l. 35—41

13. The evidence for the Respondents, which the trial Judge accepted, was that, after experimenting with various shapes and sizes of biscuits, the manufacturers had gone as far as they commercially could in distinguishing the appearance of their biscuit from that of the Appellant's. They reduced the width of the stream of shreds from 4" to about 3" and also diminished its thickness. The Appellant's packages contain only 12 biscuits, while those of the Respondents contain 15.

pp. 178 ff.

p. 180, l. 21—23

14. The trial Judge, McTague, J., thought that the words "shredded wheat" were descriptive, and observed that they had "been used by the plaintiff and its predecessors in title for years in a purely descriptive sense, not only in advertising but in documents of a formal and legal character as well". He was of opinion that the words had not acquired a secondary meaning so as to distinguish the shredded wheat of the plaintiff from others, inasmuch as there had been no other shredded wheat on the market. 20

He further thought that the words were not designed to distinguish the plaintiff's goods, but were the very name of the goods themselves, and that the plaintiff could not retain the exclusive right to such a name. He therefore held that on the issue of infringement the action failed. 30

p. 182, l. 46—
 p. 183, l. 3

On the question of passing off, he held that the defendant's cartons were so different from those of the plaintiff that the defendant could not be charged with passing off in respect of sales of packaged biscuits. As to sales of individual biscuits, he thought that "to put upon the defendants the burden of altering the design in the manner suggested by the Plaintiff would likely result in unknown additional commercial costs and thus tend to restrain free competition". After mentioning

the conflicting evidence on this point, he said: "On all of the evidence the conclusion must be reached that the form of the biscuit is merely the natural form it should take having in mind the fragile material of which it is composed. To require the defendant to change the form of its biscuit, or to label each individual biscuit, would be to impose an obligation too doubtful as to cost and would go too great a distance in assuring the plaintiff of some continuance of the monopoly which it cannot further enjoy by patent or trade mark".

p. 183, l. 35—41

He accordingly dismissed the action with costs.

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15. In the Court of Appeal, Riddell, J.A., was unable to differ from the conclusions of the trial Judge.

pp. 187 ff.

Middleton, J.A., with whom Henderson, J.A., concurred, thought that shredded wheat was the name of a new article of which the Appellant had had the monopoly for many years, and that the Appellant could not now claim the exclusive use of the name as against those who had the right to make the article. In his view, no case whatever was made of passing off, since the article was of necessity itself similar and the defendant had made every endeavour in its packages to indicate the source of the manufactured article.

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Masten, J.A., with whom Latchford, C.J.A., concurred, thought that "shredded wheat" was not descriptive of the process of manufacture, but was descriptive of the product, and that this increased the difficulty of establishing a secondary meaning for it. He also agreed with the view of Middleton, J.A., and therefore thought the plaintiff's trade marks invalid. As to passing off, he pointed out that the Respondent was entitled, after the expiration of the patents, to use the process and the machine covered by them, and the fact that this use produced a biscuit of the same size and shape as that manufactured by the Appellant seemed to him a *prima facie* answer to any claim based on the shape, size and general 'get-up' of the product. He thought that by reducing the size of its biscuits and by the appearance of its package the Respondent had sufficiently distinguished its product, and he had grave doubts whether the defendant was bound to make such changes in the appearance of the biscuit as to make it less acceptable to users or more expensive to produce commercially.

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The Court of Appeal therefore dismissed the appeal with costs.

16. The Respondents submit that the judgments of McTague, J., and of the Court of Appeal are right and should be affirmed for the following, among other

REASONS.

- (1) Because the issues are issues of fact, and the concurrent judgments of the Courts below should not be disturbed;
- (2) Because the words "Shredded Wheat" did not, as the Statute required, "contain the essentials necessary to constitute a trade mark, properly speaking";
- (3) Because the said words were descriptive or, alternatively, 10 mis-descriptive;
- (4) Because they could not in the circumstances and did not in fact acquire a secondary meaning;
- (5) Because the said words were not adopted or used by the Appellant for the purpose of distinguishing its product from similar products of others;
- (6) Because "shredded wheat" is the name of the article;
- (7) Because the Appellant's trade mark registrations are invalid;
- (8) Because the appearance of the Respondent Company's 20 biscuits naturally results from using the process and machines described in Perky's expired patents;
- (9) Because it is not commercially practicable to make shredded wheat biscuits with any substantially different appearance;
- (10) Because the Respondent Company has not passed off or attempted to pass off its biscuits as the biscuits of the Appellant.

RUSSEL S. SMART.

CHRISTOPHER C. ROBINSON.

No. 40 of 1937.

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STORES ... *Defendants* RESPONDENTS

Respondents' Case.

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