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MELLO-CREME PRODUCTS ..... PLAINTIFF;

VS.

EWAN'S BREAD LIMITED ET AL. .... DEFENDANTS.

*Trade-marks—Assignment in gross—Extending of scope of trade-mark—  
 Specific trade-mark*

One H., doing business under the trade name of The Carp Flour Mills, registered the trade-mark "Mello-Creme" in 1925, for use in the milling and sale of a breakfast food, and used the same in his business. In 1927, H., by deed, assigned to the plaintiff the said trade-mark with the good will of H., relating to the sale of cereal foods

under the said mark. Notwithstanding this assignment, H. continued to carry on his business as before, using the trade-mark along with his trade name on the cartons of the product milled and sold by him; and the good will aforesaid was never, in fact, transferred. Plaintiff did not manufacture but merely sold the product of H., marked as aforesaid, with nothing on the product associating it with them. Plaintiff later registered the same trade-mark (in 1929), to be used in the sale of all food products, including cattle, hog and hen foods, thereby attempting to extend the scope of the first trade-mark. The present action is to restrain the defendants from using said mark in the sale of bread.

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*Held*, that an assignment in gross, i.e., by itself, of the right to a name is invalid, and as the good will of H. was never in fact transferred to the plaintiff, and as the trade-mark "Mello-Creme" was assigned by itself, notwithstanding what was alleged in the deed of transfer, nothing passed to the plaintiff by the said transfer, and the plaintiff had no *locus standi* to take the present action.

2. The first trade-mark being only for use in the sale of breakfast foods, the plaintiff could not by subsequent literature extend the scope of its trade-mark. In the true construction of the scope of a trade-mark, reliance must be had alone on the construction of the trade-mark itself and not on the intention of the owner or user of the mark as intimated by literature and booklets distributed with the product. That a trade-mark for breakfast food cannot be extended to restrain its use in connection with the sale of bread, or any other such commodity even though the product bearing such trade-mark was an ingredient of such bread or other commodity.

ACTION by the plaintiff herein to restrain the defendants from using the trade-mark "Mello-Creme" in the manufacture and sale of its bread.

The action was tried before the Honourable Mr. Justice Audette at Ottawa.

*H. J. McNulty* and *S. Berger* for plaintiff.

*R. S. Smart, K.C.*, for Ewan's Bread Limited.

*O. M. Biggar, K.C.*, and *E. Bristol, K.C.*, for Dominion Bakeries Limited.

The facts are stated in the Reasons for Judgment.

AUDETTE J., now (March 17, 1930), delivered judgment.

This is an action whereby it is sought to restrain the defendants from infringing the plaintiff's two specific registered trade-marks in respect of the words Mello-Creme.

The first specific trade-mark bears date the 15th October, 1925, (Exhibit 2) and it is in respect of a:—

Trade-mark (Specific) to be applied to the sale of a *Breakfast Food*, and which consists of a *shield* with the letters: C.F.M. at the top, and

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*immediately below* are the words: "*Mellow Creme Wheat Cereal*"; at the bottom appears the words: *Nature's Food for Breakfast*.

The second specific trade-mark bears date the 13th May, 1929, and reads as follows:—

Trade-mark (Specific) to be applied to the sale of *all food products*, including cattle, hog and poultry feeds, and which consists of the hyphenated words: "Mello-Creme."

These words may carry the idea expressed by the word "mellow," that is: soft with ripeness, and *crème*, the French word for cream.

The second trade-mark is only an attempt to extend the scope of the first trade-mark, and indicates a recognition of the limitation of the first trade-mark. It was alleged, on the argument, that the second trade-mark was registered only upon the consent of Hopkins, exacted by the Department; but there is no evidence in the record as to that, and there is no restriction upon the generality of the food covered by this second trade-mark.

The first trade-mark was registered at the request of John C. Hopkins, carrying on the business of flour mill at Carp, Ontario, under the name "The Carp Flour Mills" without incorporation or registration, and was obtained upon the usual statutory declaration that he was the *first* to make use of the same.

Exhibit No. 1 was the first carton used by him in respect of the sales, under this first trade-mark, of a kind of porridge for breakfast food of coarse whole wheat flour. Seeking to extend the product of his mill, he encouraged, at the time this product to be used in the manufacture of bread.

The defendant, Ewan's Bread Limited, having asked the miller Hopkins to grind this product finer as they could thus use a certain quantity of it as part ingredient in baking brown bread, and that was before entering into the agreement exhibit 4, in 1926.

Then, on the 9th December, 1926, Hopkins and this defendant entered into an agreement (exhibit 4) whereby Hopkins allowed him the exclusive right to use the word "Mello-Creme" as applied to bread, cakes and biscuits, within a given territory, under certain conditions, stipulations and covenants, one of which being that "should the terms of the contract not being carried out, either of the parties hereto might cancel the same on 30 days' registered notice to the other party thereto."

In compliance with this proviso, on the 18th January, 1929, notice (exhibit 7) was given to Ewan's Bread Company that "the contract will be considered null and void thirty (30) days from to-day, after which date we cannot permit your use of the *trade name* Mello-Creme.

This letter was followed by another one bearing date the 31st May, 1929, advising Ewan's Bread Company that their attention had been brought to the fact that they were *selling bread* under the name of "Mello-Creme" and that they were *placing wrappers* on their bread, making use of this name, etc., and that if further use of the same were made action would be taken against them. The defendants continued to use the words Mello-Creme with their bread after that.

Hence the present action.

The defendants are therefore charged with infringing the plaintiff's said trade-mark, from the 18th February, 1929, by using the words Mello-Creme on wrappers similar to exhibits 12a to 12e, as applied to bread.

In the meantime, on the 21st January, 1927, the plaintiff company was incorporated (exhibit 3) and on the 1st February, 1927, an agreement (exhibit 6) was entered into between John C. Hopkins and James Kyd, of the first part, the vendors, and the Mello-Creme Products Limited (the plaintiff) of the second part, the purchaser, whereby the vendors, among other things, sold and transferred to the purchaser (a) the registered trade-mark Mello-Creme, (b) the good will of the vendors relating to the sale of cereal foods under the name Mello-Creme.

How James Kyd became one of the vendors mentioned in that deed, I fail to see, as he had no title whatsoever, directly or indirectly, to this trade-mark. He was only the manager and sale distributor of the plaintiff company.

It is well at this stage to bear in mind that this sale (exhibit 6) appearing good and valid on its face and in form in that the trade-mark seems to have been sold with the good will of the business; however, the evidence discloses that while this sale apparently good in form is bad in substance in that the good will was never transferred and that the vendor or transferror continued as in the past to carry on his same business. That assignment of the trade-mark and apparently the good will from the vendors to the plaintiff amounts to a deception on the public.

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Hopkins who registered this trade-mark, while engaged in his milling business, and attached it to the above mentioned product, did not in any way part with his business or any part thereof when he sold the trade-mark. He continued to manufacture and even sold direct to the public, without paying any commission to any one, this very product under this very trade-mark he had apparently sold to the plaintiff with the good will of his business. The plaintiff does not manufacture at all and the assignment did not operate any change in Hopkins' method of carrying on business in the way it was carried on before the incorporation of the plaintiff company. The business was not in fact transferred with the assignment. Looking at the product put on the market by the plaintiff, exhibit 5 being a fine example, we find nothing associating directly or indirectly this product with the plaintiff. Quite to the contrary, at the top are found the capital letters C.F.M., the initials of the Carp Flour Mills, and at the bottom the full name of Carp Flour Mills. No mention or any intimation showing that the product comes from or is associated with the name of the plaintiff, and a trade-mark is used to distinguish the trader's goods. *Lacteosote, Ltd. v. Alberman* (1); *Bowden Wire Co. v. Bowden Brake Co., Ltd.* (2).

No man is entitled to represent his goods as being the goods of another man. *Singer Manufacturing Co. v. Loog* (3).

Good will is the benefit and advantage of the good name, reputation and connection of a business. It cannot subsist by itself, it has no independent existence. It must be attached to a business. Kerley, on Trade-Marks, 4th Ed. 402. Therefore since a trade-mark cannot be assigned without the actual good will of the business to which it is attached, nothing would seem to have passed by the assignment to the plaintiff. This assignment placed the trade-mark in jeopardy in the hands of the plaintiff and no action will lie for infringement at the instance of the plaintiff under such circumstances.

Under the Canadian Trade-Mark Act, a registered trade-mark is assignable in law, that is at common law. Under the English Act, a registered trade-mark is only assignable

(1) (1927) 2 Chy. D. 117.

(2) (1914) 31 R.P.C. 385, at p. 392; 30 R.P.C. 45.

(3) (1882) 52 L.J. Ch. 481.

in connection with the good will of the business concerned in the goods for which it has been registered and is determinable with that good will.

Prior to the English Act requiring assignment with the good will it was held that at common law the assignment is only valid when made with the good will and in the absence of such specific enactment in the Canadian Act, the common law applies and governs and the words, in the Canadian Act, assignable *in law* mean assignable at common law with the good will.

Property in a trade-mark is the right to the exclusive use of some mark, name or symbol in connection with a particular manufacture or vendible commodity. *Leather Cloth Co. v. American Leather Cloth Co.* (1). And the office of a trade-mark is to distinguish the goods of the owner from the goods of any other person.

A trade-mark cannot be assigned by itself. *Independent Baking Powder Co. v. Boorman* (2). Assignment in gross, that is by itself, of the right to a name is invalid—*Thornloe v. Hill* (3)—otherwise a person might manufacture trade-marks and sell them as a commodity. The result could only work disaster to the public.

In *Pinto v. Badman* (4), after a transfer of a certain brand of cigars, the transferrors kept on manufacturing and selling the same cigars, but under a different name, so that they attempted to sell the benefit of the brand or mark to some one else who did not buy their business or factory or anything of the kind and it was held (p. 191) that all that was sold was the trade-mark and no part of the business was sold as they kept carrying on their business as before. It follows therefore (p. 194) that it has been laid down by the clearest authority that a trade-mark can be assigned when it is transferred together with, to use Lord Cranworth's language, the manufactory of the goods on which the mark has been used to be affixed. It can be assigned, if it is indicative of origin, when the origin is assigned with it. The good will and the trade-mark cannot be split up. See also *Bowden Wire Ltd. v. Bowden Brake Co., Ltd.* (5).

(1) (1865) 11 H.L.C. 523.

(3) (1894) 63 L.J. Ch. 331.

(2) (1910) 175 Fed. R. 448, at p.

(4) (1891) 8 R.P.C. 181.

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(5) (1914) 31 R.P.C. 392; 30 R.P.C. 45.

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In the present case, looking at exhibits 5, C, D and E, the trade dealings go further than in the Baking Powder case (*ubi supra*) since the packages put on the market with the trade-mark are not as packages of the plaintiff, but as that of the Carp Flour Mills, Carp, Ontario, and the business is still carried on as formerly by the vendors. In the result there has been no assignment or transfer of the business, nothing passed under that assignment, the transfer being invalid, the plaintiff has no *locus standi*, has no right of action for infringement against the defendants. *Independent Baking Powder v. Boorman, supra*.

Moreover, the first trade-mark (exhibit 2) is for the words "Mellow-Creme Wheat Cereal" described as "Nature's Food for Breakfast", and the plaintiff cannot, by subsequent literature, its little pamphlets sent with the product or any other class of advertisements, as contended at Bar, extend the scope of its trade-mark any more than any one could in a similar manner extend the scope of a patent. In the true construction of the scope of a trade-mark, reliance must be had alone on the construction of the trade-mark itself and not on the intention of the owner or user of the trade-mark as intimated by literature and booklets distributed with the product. *The Canadian General Electric Co., Ltd. v. Fada Radio Ltd.* (1); *Edwards v. Dennis* (2). The plaintiff can no more extend this trade-mark to bread than he can extend it to pudding, pancakes, Yorkshire pudding, etc. He cannot distinguish between bread and biscuits.

If a person had a trade-mark for the manufacture of a certain brand of sugar, that trade-mark could not in any way be extended to all commodities having sugar as an ingredient or to all products made of sugar. The owner of a trade-mark for coffee could not prevent any one using coffee in ice cream. Likewise, the plaintiff cannot extend its trade-mark to all products made of whole wheat flour.

The putting on the market of an article known as "listerated tooth powder" is not an infringement of the trade-mark listerine. *Lambert Pharmacal Co. v. J. Palmer & Son Ltd.* (3), and cases therein cited. See also *Edwards v. Dennis, supra*.

(1) (1930) A.C. 97 at 104.

(2) (1885) 30 Chy. D. 455.

(3) (1912) 2 D.L.R. 359; Q.O.R. 21 K.B. 451.

It does not matter what use this wheat product may be put to after purchasing it. The question is really to what article the trade-mark is attached when sold to the public who buy it under that name. The trade-mark is used to identify that article and does not cover all other commodities that can be made out of it. Hopkins' trade-mark was only associated in its narrow scope with breakfast cereal and no more—it cannot be extended beyond that.

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The registration of the trade-mark did not in itself constitute any new right to the same, it merely preserved whatever rights the registrant had at the time of such registration.

Now the evidence establishes that these words Mello-Creme without any registration have been used by the William Patterson Co. Ltd., with respect to a certain described biscuit since 1922 and by the Telfer Biscuit Manufacturing Company, also with respect to a certain biscuit, from 1921 to 1928, when at that last date the business passed into other hands. This use by these two companies dates back of the time the trade-marks in question were granted and the date at which they were ever used by the vendors. The prior use of the words "Mello-Creme" in connection with biscuits by the two companies above mentioned invalidates the application of the plaintiff's trade-marks to bread, biscuits and other foods of a like nature and composition. The baking business is neither the business of Hopkins nor of the plaintiff. The business of a miller is quite distinct from that of a baker.

The fact of the use of the words Mello-Creme by the Patterson and Telfer companies is said not to have been known to the declarant when he subscribed to the statutory declarations that these words were not in use to his knowledge by any other persons than themselves at the time of their adoption thereof. However when the alleged owner of a trade-mark sues for infringement, it is essential that he should not himself be guilty of misleading representations, even if unintentional. *Eastman Photographic Co. v. Griffith* (1). It is also very questionable whether, under such circumstances, the registration should not be expunged, even if it were only for the maintenance of the

(1) (1898) 15 R.P.C. 106.

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purity of the Register. *Goulet v. Ida Serre* (1). See also *Bowden Wire Ltd. v. Bowden Brake Company Ltd.* (2).

Indeed, if such registration were maintained without any restriction in the scope of such trade-marks, the Patterson and Telfer firms might be subjected to a demand to discontinue the use of the words "Mello-Creme" although their use was prior to the adoption of the plaintiff's trade-marks. *Partlo v. Todd* (3).

However, the defendants, by their pleadings, only ask for the expunging of the second trade-mark which extends to all "food products"; and at the trial, at the end of the argument, counsel for the defendants moved for leave to amend by claiming to also expunge the first trade-mark, asking the court to consider this motion if it became necessary. At trial my opinion rather leaned in favour of expunging the first trade-mark. However, it had not been asked up to that time and considering that the Patterson and Telfer companies made no complaint against the use of Mello-Creme. I have now come to the conclusion to order the defendants to take nothing by this motion to amend and to order the expunging of only the second trade-mark as applying to all food products.

While, indeed, for the reasons already mentioned the plaintiff obviously fails on the issue for infringement, I incline to the view that the Register will be maintained in a satisfactory state if (a) the first trade-mark be limited in its scope, that is to say to the use (with the whole design) of the words "Mello-Creme Wheat Cereal," as applied to the words "Nature's food for Breakfast", that is to a certain and definite kind of porridge (see exhibit No. 1) to be made out of the product in question, from cereal, that is from a grain plant, such as wheat, oat, barley and other grasses, cultivated by agriculturists for the sake of their seed as food; (b) furthermore, the purity of the Register may be maintained by allowing the Patterson and Telfer companies the use of the words Mello-Creme for their biscuits, (c) allowing also the defendants to use the words Mello-Creme with their bread, (b) and expunging totally the

(1) (1922) 21 Ex. C.R. 342.

(2) (1914) 31 R.P.C. 385, at p. 393.

(3) (1888) 17 S.C.R. 196.

second trade-mark, of the 13th May, 1929, applying among other things to *all food products*.

As I find upon the facts that the defendants have not been guilty of infringing the plaintiff's trade-marks, the action must be dismissed with costs.

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*Judgment accordingly.*