

HONEY DEW, LIMITED . . . PLAINTIFF AND PETITIONER;

1928

Oct. 29.
Dec. 28.

AND

EDWARD JOHN RUDD ET AL

DEFENDANTS AND RESPONDENTS.

*Trade-Marks—Trade-Mark and Design Act—“Calculated to deceive”—
User different from registered trade-mark*

Plaintiff was the owner of a registered trade-mark “Honey Dew” used in connection with the sale of a certain orange flavoured drink. The shops where it was sold had a characteristic interior arrangement and equipment and the mark had become well known to distinguish the beverage sold by plaintiff from that of others. The defendant subsequently registered the words “Flora Dew” as its trade-mark for a similar drink, displaying said trade-mark in and about its shops much in the manner employed by the plaintiff, and in a pronounced manner following the interior arrangement and equipment of the plaintiff’s shops.

Held, on the facts, that the defendant could not be said to have adopted his mark with a view of giving a distinctive description to his beverage, but rather to take advantage of the business connections and efforts of a rival trader, and such trade-mark being liable to mislead, should be expunged from the Register.

2. That in considering whether one mark is an infringement of another resemblance between the two marks must be considered with reference to the ear as well as to the eye.
3. That the words of the Trade-Mark and Design Act “calculated to deceive” may mean either “intended to deceive” or “likely to deceive,” and that the prohibition applies where the case falls within either meaning.
4. Plaintiff’s trade-mark, as registered, consisted of the words “Honey Dew” in scroll, the word “Dew” being almost immediately under “Honey,” whereas he has used the words “Honey Dew” in plain letters, and following one another.

Held, that although the practice of departing from the precise form of a trade-mark as registered is objectionable and dangerous to the registrant, inasmuch as here, the mark as used was not substantially different from the mark as registered, such deviation should not deprive the plaintiff of his right to protection.

ACTION by the plaintiff for an injunction against the defendant restraining it from infringing plaintiff’s trade-mark.

The action was tried before the Honourable Mr. Justice Maclean, President of the Court, at Toronto.

R. S. Smart, K.C., and *C. B. Henderson* for the plaintiff.

L. McCarthy, K.C., and *A. Singer* for defendant.

The facts are stated in the reasons for judgment

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THE PRESIDENT, now (December 28, 1928), delivered judgment.

This is an action for infringement of a specific trade-mark. The facts of the case may be briefly stated. The plaintiff's trade-mark consists of the words "Honey Dew," and is applied to the sale of an orange flavoured soft drink, made, it is said, by some secret formulae. The manufacture and sale of this beverage was commenced some fifteen years ago, by two brothers named Ryan, and for two or three years was retailed by the glass in a small way, in or near Toronto, but not by or under any name. Later, it was sometimes sold in larger quantities in containers. Some twelve years ago the name "Honey Dew" was adopted by the Ryans, as a trade-mark to distinguish this beverage and the same has since been made and sold under that name, but the trade-mark was not registered until November, 1922. About this time the Ryans, with a view to the promotion of the sale of Honey Dew, embarked upon the policy of carrying on their business in shops of a special design and with distinctive characteristics; the exterior construction, and the interior panelling, lighting, furnishings and fixtures of these shops were to be so far as possible, alike. These premises became known as Honey Dew shops, and the beverage sold as Honey Dew was of course there prominently featured. On the outside and inside of each shop the words Honey Dew were conspicuously displayed, and among other advertising matter was to be found, "Honey Dew is the drink for you." A few articles of food were also sold. If Honey Dew was disposed of for consumption outside the premises, it would be placed in a special container whereon was printed the trade-mark, Honey Dew. The experiment proved quite successful, and in May of this year, the Ryan's sold their business and good will, including their trade-mark, to a corporation known as Honey Dew Ltd., for \$500,000, in cash, and a one-fifth interest in the capital stock of that corporation. They had, at the time of the sale, four shops in the city of Toronto, and two in the city of Hamilton. The purchasing company have pursued the same policy, and have since established additional Honey Dew shops in many of the larger cities of Canada, and altogether they now number twenty-eight. The business of the company is of sub-

stantial proportions; its sales now amount to about one million dollars per year, though this is not all attributable to the sale of Honey Dew. The trade-mark, Honey Dew has become well known in many parts of the country to distinguish the beverage made and sold by the plaintiff company, and this I think is not really in dispute. It apparently is not applied to other beverages.

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In July, 1927, the defendant company commenced the production and sale of an orange flavoured beverage which it sold under the name of "Flora Dew," and which words had been registered as a trade-mark by the defendant Rudd, now President of Flora Dew Company Ltd., in November, 1926. The defendant company now sell this beverage in at least two shops in Toronto. These shops are a very close representation of the plaintiff's shops, both inside and outside, and particularly is this true of the interior arrangements and colour scheme, and also of the furnishings, such as curtains, tables and chairs. A sign board on the exterior of the defendant company's shops on which appears its trade-mark, was made by an outdoor advertising company from a design furnished by the defendant Rudd, and it is exactly the same as that used by the Honey Dew shops. A firm of manufacturers of restaurant fixtures was once approached by the defendant Rudd, to design the interior of a shop similar to the interior of a Honey Dew Shop, but this firm refused to execute the order. I do not say that the defendants are in violation of any law, in imitating the Honey Dew shops, either inside or outside, that is not an issue here, but that fact may nevertheless be of importance in a determination of the issue in this action.

A private detective, at the instance of the plaintiff, recently visited a shop of the defendant company and asked to be served with Honey Dew, and he was served with the beverage sold and known in that shop, as Flora Dew. This request for Honey Dew was made to a waitress there, and by her passed on to another employee in the kitchen, which was immediately adjacent, and in doing so she designated the order as being "Honey Dew," although according to the evidence of the detective, she immediately, in an undertone restated the order as Flora Dew, to the kitchen employee. Another detective on a different occasion, ordered a glass of Honey Dew at one of the shops of the

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defendant company, and was served with the beverage there sold as Flora Dew. A third detective did the same thing, and with the same result. One of the employees of the defendant company stated in her evidence that she had a few requests for the drink called Honey Dew, and she said very frankly that this had no reference to the visits of the detective witnesses to the premises of her employer. The same witness also stated that persons frequently asked for Honey Dew, but she would promptly inform such persons, that they sold Flora Dew. Another employee of the defendant company said she was occasionally asked for Honey Dew, but would explain to the customer, that it was Flora Dew they sold.

If the trade-mark, Flora Dew, is calculated to deceive or mislead the class of customers who purchase goods of that description, into thinking that they are buying Honey Dew, by reason of the similarity of the marks, then it should be expunged. That, however, is the question to be decided, and it is one of the class of cases in which one person might take a view different to that which I am to express, in favour of the plaintiff's contention. Assuming that the defendant company has a perfect legal right to imitate the Honey Dew shops, that in itself operates towards the probability of deception or confusion, and is a reason for a differentiation in trade-marks, but if the trade-marks are at all similar, if the leading word is the same in each, if the marks are applied to an orange flavoured and orange coloured beverage, then the probability of some persons being deceived or misled is all the greater, and the stronger is the reason for a contrast in trade-marks. It is revealed by the evidence of the defendant company's own employees, and evidence could hardly come from a better source, that the probability of deception, is not fanciful. I mean to say, that if a person entering a Flora Dew shop, asks for the beverage called Honey Dew, he or she has been misled by some cause or other, and I should say that one of the probable causes is the similarity in the trade-marks. I cannot avoid the conviction that in employing the words Flora Dew as its mark for an orange flavoured drink, displaying that trade-mark in and about its shops much after the manner employed by the plaintiff, and in such a pronounced manner following the interior

arrangements and equipment of the plaintiff's shops, the defendants did not adopt the trade-mark, Flora Dew, with the view of giving a distinctive description to its beverage, but to take advantage of the business connections and efforts of rival traders. If I am justified in this conviction, then it is not even necessary I think, to prove that any one has been misled. The reason for this view was appropriately expressed by Parker J. in *Iron-Ox Remedy Co. v. Co-Operative Wholesale Society* (1), as follows:—

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If the conclusion is once arrived at that the description was adopted not with the object of fairly describing the goods to which it is applied, but with the object either of actually misleading the public, or taking an undue advantage of the business connection, or the expenditure of a rival trader, it does not I think, require much further evidence to justify the conclusion that the public is likely to be misled; and, on the assumption that the goods are so described as to be likely to mislead the public, it is not necessary to prove that anyone has been actually deceived or misled; and, therefore, further, the person who supplies the goods with the misleading description may be liable to an injunction, even though the class of persons to whom he supplies them are certain to know what the goods are, and are not themselves likely to be in any way misled.

Perhaps another and practical way of looking at this matter, would be to ask oneself the question: if the original registrants of the two marks in question appeared on the same day, but in the order of their actual registrations, before the Commissioner of Patents, each applying for the registration of his respective mark and each declaring that the mark was to be applied to an orange flavoured beverage, and in truth that was what was in the minds of each of the registrants, what would the Commissioner do? With these facts frankly disclosed and fresh in the mind of the Commissioner of Patents, he would, I think, decide that on account of their similarity they were calculated to deceive or mislead the public, and he would allow registration only to the first applicant. If two orange flavoured beverages, which must and do look alike, or even other beverages of this character, are to have applied to them trade-marks, then they should not be at all similar or confusing, because they are to be applied to the same class of goods. Where a trade-mark is alleged to be calculated to deceive by reason of similarity to another trade-mark, a court must have respect to all the circumstances of the trade in which the trade-marks are employed, and the nature of the goods

(1) (1907) 24 R.P.C. 425 at p. 430.

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or article to which the marks are applied. See Parker J. in *Application of Pianotist Co.* (1). According to the evidence, many orange flavoured drinks are sold under various names, and to insure honest trading, it is desirable that the trade names under which they are sold, shall be as free from similarity as possible, so as to avoid the possibility of deceiving or misleading the public.

It should perhaps be observed, as is stated, in Kerley on Trade Marks, that it has been held, that the words "calculated to deceive" may mean either "intended to deceive" or "likely to deceive" and that the prohibition applies where the case falls within either meaning, although the latter, the more inclusive, is sufficient to dispose of most, if not all, of the questions that arise under the words of the statute "calculated to deceive or mislead the public." It is also to be observed that the resemblance between two marks must be considered with reference to the ear as well as to the eye, and in this particular case, there would be the tendency, I think, on the part of the public to abbreviate the trade-marks in question and refer to each of them as Dew. The words Aqua-Repela was refused registration as a trade-mark, owing to the probability of its being shortened to Repela, and therefore liable to be confused with Repellus, already registered. The mark "Stateroom" was refused registration, because the mark "State Express" was already registered in respect of the same class of goods and was often abbreviated to "State" by customers. *Fredrick Wilks Application* (2), and *United Kingdom Tobacco Co. Application* (3).

Another point developed during the trial, which must be referred to. The plaintiff is the user of its mark has departed somewhat from the actual form in which the same appears on the register. In the application for the registration of this mark, it was said to consist of a drawing having the words "Honey Dew" in scroll, the word "Dew" being almost immediately under the word "Honey." In the actual application of its trade-mark the plaintiff uses the words "Honey Dew" in plain letters, and following one another in the ordinary manner. Apparently this has been the practice of the plaintiff, and its predecessors in

(1) (1906) 23 R.P.C. 774, at p. 777.

(2) (1911) 29 R.P.C. 21.

(3) (1912) 29 R.P.C. 489.

title, at all times. The practice of departing from the precise form of a trade-mark as registered is objectionable, and is very dangerous to the registrant. The mark as used here is not however substantially different from the mark as registered. Nobody has been deceived, no injury could occur to anybody by the deviation from the form of the registered mark, and I do not think the plaintiff should lose his right to protection because of this. The defendants did not plead in their statement of defence, that on this account the plaintiff's mark should be removed and the register rectified. Deviation from the form of a mark as appearing on the register has been considered by the courts. It was held in the *Melachrino Case* (1), that the mere addition of something, as in that case a coat of armour, to a trade-mark, is not sufficient to disentitle a person who otherwise uses the whole of his trade-mark to sue for an injunction. The deviation from the registered mark in that case was much more substantial than in this case, here it goes only to the arrangement and form of the letters of words, there is no addition to or subtraction from the registered words.

It was also contended that the mark "Honey Dew" was invalid because it was descriptive of the article to which it was applied. I do not think this defence is one of substance, or that the mark is at all descriptive of the article to which it is applied.

The mark "Flora Dew" is in my opinion calculated to mislead the public and too closely resembles a mark earlier registered. The plaintiff is entitled to the relief claimed in its statement of claim and petition, and its costs of action.

Judgment accordingly.

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