

Winnipeg  
1969  
Apr. 28-30,  
May 7-9  
Ottawa  
June 17

OLD DUTCH FOODS LTD. . . . . PLAINTIFF;

AND

W. H. MALKIN LTD, SHOP-EASY  
STORES LIMITED AND WEST-  
ERN POTATO PRODUCTS LTD } DEFENDANTS.

*Trade Marks—Statutory passing-off action—Trade Marks Act, 1952-53, c. 49, s. 7(b)—Plaintiff's chips sold in get-up under name "Old Dutch"—Competitor using name "Dutch Maid" and different get-ups—Whether goodwill acquired for plaintiff's get-up—Whether public likely to be confused.*

For several years prior to September 16th 1964 plaintiff made substantial sales of potato chips in western Canada under the trade mark "Old Dutch", using various packaging get-ups which were advertised extensively in certain western cities. Commencing on September 16th 1964 one of the defendants, and later a second defendant, commenced selling potato chips in the same area under the trade mark "Dutch Maid" using a variety of packages which were of the same colours as plaintiff's but of different design.

*Held*, (dismissing a claim under s. 7(b) of the *Trade Marks Act*), while the evidence established that plaintiff had built up goodwill for its potato chips under the name "Old Dutch" it was not established (1) that plaintiff had built up goodwill for any precise get-up, or (2) that the get-up used by either defendant commencing on September 16th 1964, and thereafter, caused or was likely to cause public confusion as between plaintiff's and defendants' potato chips.

*Wilkinson Sword (Canada) Ltd v. Juda* [1968] 2 Ex. C.R. 137;  
*Clairol International Corp. et al v. Thomas Supply & Equipment Co. et al* [1968] 2 Ex. C.R. 552, referred to.

ACTION.

*James D. Kokonis* and *Robert H. Barrigar* for plaintiff.

*Gordon F. Henderson, Q.C.* and *Kent H. E. Plumley* for defendants.

GIBSON J.:—This is primarily a statutory tort action under section 7(b)<sup>1</sup> and section 52<sup>2</sup> of the *Trade Marks Act*.

Added and joined in these proceedings are three other actions and one action by way of counterclaim, but from the proof and argument, it is clear that all of them are of relative minor importance.

These three other actions are: an action for passing-off at common law, a statutory action under section 7(e)<sup>3</sup> of the Act, and a claim for an order expunging from the register the trade mark of the defendant Western Potato Products Ltd., DUTCH MAID AND DESIGN; and the action by way of counterclaim is for a declaration that the plaintiff's trade mark OLD DUTCH is invalid and for an order expunging it from the register.

The subject wares in these proceedings are potato chips.

The plaintiff at all material times sold its potato chips using the trade mark OLD DUTCH, but in its primary action does not rely on this trade mark but instead, predicated on what it had done in relation to its wares, potato chips, relies on the protection afforded by section 7 (b) of the *Trade Marks Act* and submits in evidence and argument that what the defendants did in September 1964, was done in such a way as to cause or be likely to cause confusion in the subject market place between the defendants' potato chips and the plaintiff's potato chips.

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD et al

<sup>1</sup> 7. No person shall

. . .

(b) direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another;

<sup>2</sup> 52. Where it is made to appear to a court of competent jurisdiction that any act has been done contrary to the provisions of this Act, the court may make any such order as the circumstances require including provision for relief by way of injunction and the recovery of damages or profits, and may give directions with respect to the disposition of any offending wares, packages, labels and advertising material and of any dies used in connection therewith.

<sup>3</sup> 7. No person shall

. . .

(e) do any other act or adopt any other business practice contrary to honest industrial or commercial usage in Canada.

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD et al  
 Gibson J.

The plaintiff alleges its market at all relevant times for its potato chips was Western Canada which in certain evidence was described as the area from the Lakehead in the Province of Ontario to Vancouver and Victoria, British Columbia.

What the defendants or some or one of them commenced to do in September, 1964, was to market potato chips, in part at least, in the said market area, using the trade mark DUTCH MAID and a certain get-up of packaging for them.

The dates of the action and counterclaim and certain of the dates relating to the ownership and registration of the plaintiff's trade mark OLD DUTCH and the trade mark DUTCH MAID are of significance.

The dates of the action and of the counterclaim are as follows:

December 11, 1964	Statement of claim against W. H. Malkin Ltd and Shop-Easy Stores Limited.
June 17, 1966	Statement of defence by defendants W. H. Malkin Ltd and Shop-Easy Stores Limited.
August 17, 1967	Western Potato Products Ltd added as party defendant.
January 8, 1968	Amended statement of claim.
May 14, 1968	Western Potato Products Ltd filed statement of defence and counterclaim.
December 24, 1968	Amended statement of defence, W. H. Malkin Ltd and Shop-Easy Stores Limited plus counterclaim.

#### COUNTERCLAIM

May 14, 1968	Western Potato Products Ltd.
December 24, 1968	W. H. Malkin Ltd and Shop-Easy Stores Limited.

The plaintiff's dates are as follows:

October 19, 1956	Old Dutch Registered No. 104,697 Old Dutch Foods (U.S.) based on use August 30, 1954 (Exhibit 30)
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December 16, 1964 Assignment to plaintiff, Old Dutch Foods Ltd Winnipeg, Manitoba (Exhibit 30)

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD et al  
 —  
 Gibson J.  
 —

The defendants' dates are as follows:

February 4, 1931 Dutch Maid trade mark and Design Registration No. 238/51464 to Earl M. Eba (Exhibit 31A)

March 16, 1931 Assignment Earl M. Eba to Dutch Maid Products Limited (Exhibit 31A)

February 4, 1956 Trade mark renewed (Exhibit 31A)

April 23, 1956 New owners—The W. H. Malkin Co. Ltd. (Exhibit 31A)

October 21, 1957 Owners new address—3377 Grandview Highway, P.O. Box 4500, Vancouver 1, B.C. (Exhibit 31A)

September 1, 1964 Owners new name—W. H. Malkin Ltd. (Exhibit 31A)

June 29, 1966 Assignment to Western Potato Products Ltd. (Exhibit 31A)

The plaintiff, using the trade mark OLD DUTCH from 1955 until December 16, 1964, marketed its potato chips in boxes it called "Twin Pac" and "Triple Pack" and in smaller packages using the colours red, white, green and yellow. During all this time, the registered owner of the trade mark OLD DUTCH was Old Dutch Foods (a partnership) of Minneapolis, Minnesota. Then on December 16, 1964, the OLD DUTCH trade mark was assigned by the latter to the plaintiff (see Exhibit 30).

From 1955 to 1959, the plaintiff imported its potato chips from Old Dutch Foods, Minneapolis, Minnesota and sold them to a distributor in Winnipeg, Manitoba by the name of M. & L. Distributors Limited, who in turn sold them to the public.

In 1959 and through the date of the commencement of this action, *viz.* December 11, 1964, and to date, the plaintiff manufactured its potato chips in Canada and sold and distributed them itself.

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD *et al*  
 Gibson J.

Old Dutch Foods, Minneapolis, Minnesota, in 1956, in order to secure the registration of the trade mark OLD DUTCH, in a written submission to the Registrar of Trade Marks dated April 27, 1956, admitted that there could be no confusion in Canada between the mark OLD DUTCH and the trade mark DUTCH MAID. (The trade mark DUTCH MAID AND DESIGN has been on the Register since 1931). Part of this submission reads as follows:

The two remaining citations involving the words DUTCH MAID can hardly be confused with OLD DUTCH. There is a substantial difference between MAID and OLD, apart from the fact that the word MAID is used in the sense of a suffix as compared with the use of OLD in the sense of a prefix, and one could not exclusively appropriate the word DUTCH. Accordingly, it would appear reasonably clear that there could not be confusion between the registrations for DUTCH MAID and OLD DUTCH.

In evidence and in argument the plaintiff placed great emphasis on the use of the word "DUTCH" in association with potato chips as of September 16, 1964. Among other things, the plaintiff alleges, and there is no evidence to the contrary, that as of that date no other potato chips employing the word "DUTCH" were sold in the alleged subject market; and the plaintiff also alleges but there is little evidence to support the same, that the word "DUTCH" in association with potato chips as of that date meant the plaintiff's OLD DUTCH potato chips.

As to the defendants, from 1931 to September 16, 1964, the trade mark DUTCH MAID AND DESIGN, according to the evidence, in association with potato chips was never used. The paper title to it only was kept on the Register.

On September 16, 1964, the defendant, W.H. Malkin Ltd, assigned this trade mark to the defendant Western Potato Products Ltd (see Exhibit 31A). But this assignment was never registered on the Register until June 29, 1966.

Prior to that, in July, 1964, a company by the name of Westfair Foods Limited, not a defendant in these proceedings, caused a deal to be made between the defendant W.H. Malkin Ltd, and the defendant Western Potato Products Ltd, whereby the trade mark DUTCH MAID AND DESIGN would be assigned to the latter for \$10,000 (see Exhibits 65 and 66). At the same time some agreement to

manufacture potato chips to be marketed using the trade mark DUTCH MAID was made between Western Potato Products Ltd, and W.H. Malkin Ltd, and Irish Potato Chips Ltd, Winnipeg. (Subsequently, the latter's name was changed to Federated Fine Foods Ltd.) This agreement was verbal.

1969  
 }  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD et al  
 \_\_\_\_\_  
 Gibson J.  
 \_\_\_\_\_

Then on April 7, 1965, a formal agreement was entered into between Western Potato Products Ltd, and Irish Potato Chips Ltd (See Exhibit 116).

In July 1964 also, when the above arrangements were made, Irish Potato Chips Ltd, ordered from a supplier by the name of Belkin Paper Box Ltd., Vancouver, B.C., approximately 8,000 boxes in which to put DUTCH MAID potato chips on which the name of W.H. Malkin Ltd appeared, as the person of origin of these potato chips. (See Exhibit 39). It also ordered approximately 24,000 boxes with the name of Western Potato Products Ltd, on them.

Between September 16 and November 16, 1964, DUTCH MAID potato chips bearing the Malkin name were sold on the market, notwithstanding the assignment from Malkin to Western dated September 16, 1964, of the trade mark DUTCH MAID AND DESIGN.

The plaintiff alleges this was done so that there would be a defence to a claim for abandonment.

Subsequent to November 16, 1964, DUTCH MAID potato chips were sold under the name of Western Potato Products Ltd. For a period after that date the name of Federated Fine Foods Ltd also appeared on the boxes containing such potato chips.

From this brief outline of some of the facts in this case, it perhaps should be noted that none of the parties have handled their respective trade marks with very much care and understanding of their value as a business asset. And in respect to any goodwill attached to the plaintiff's trade name OLD DUTCH, it also was not handled with much care and understanding.

As a result, the legal issues applicable to the facts of this case are relatively narrow.

As to the primary action in these proceedings, (and these remarks are confined to it) namely the statutory tort action under sections 7(b) and 52 of the *Trade Marks Act*, as I understand it, the correct course in interpreting these provisions (and the other provisions) of the *Trade Marks Act*,

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD et al  
 Gibson J.

1952-53 (Can.) c. 49 per Martland J. in *S. & S. Industries Inc. v. Rowell*<sup>4</sup> is that stated by Lord Herschell in *Bank of England v. Vagliano Bros.*<sup>5</sup> wherein "discussing the approach taken by the Court of Appeal in construing a provision of the *Bills of Exchange Act*, in relation to the state of the law before the Act was passed" Lord Herschell said:

My Lords, with sincere respect for the learned Judges who have taken this view, I cannot bring myself to think that this is the proper way to deal with such a statute as the Bills of Exchange Act, which was intended to be a code of the law relating to negotiable instruments. I think the proper course is in the first instance to examine the language of the statute and to ask what is its natural meaning, uninfluenced by any considerations derived from the previous state of the law, and not to start with inquiring how the law previously stood, and then, assuming that it was probably intended to leave it unaltered, to see if the words of the enactment will bear an interpretation in conformity with this view.

Lord Herschell then went on to say, as Jackett P. points out in the *Wilkinson Sword* case, *supra*, that resort:

. . . may of course be had to the previous state of the law for the purpose of aiding in the construction of the code where there is some reason for it, for example,

- (a) where a provision is "of doubtful import", and
- (b) where, in the code, words are found that had previously acquired a technical meaning, or had been used in a sense other than their ordinary sense (in which event the same interpretation might well be put upon them in the code).

Lord Herschell emphasized that the first step taken should be to interpret the language of the statute, and that an appeal to earlier decisions can only be justified on some special ground.

In interpreting section 7(b) of the *Trade Marks Act* in accordance with these principles, all the words in this subsection except the words "likely to" (cause confusion) and "confusion", should be interpreted in their natural meaning uninfluenced by any consideration derived from previous decisions under former statutes or under the common law.

As to the words "likely to" (cause confusion) when employed in this type of context in a code such as this, they have acquired a technical meaning and the same interpretation given in earlier decisions should be put on them.

<sup>4</sup> [1966] S.C.R. 419 at 425; followed by Jackett P. in *Wilkinson Sword (Canada) Ltd v. Juda* [1968] 2 Ex. C.R. 137 at p. 161.

<sup>5</sup> [1891] A.C. 107 at pp. 144-45.

As to the noun "confusion", it has not acquired a technical meaning, but some assistance in interpreting its meaning may be obtained from section 6(5)<sup>6</sup> of the Act.

The technical acquired meaning when so employed of the words "likely to" (cause confusion) is not "intended to" (cause confusion). Such technical meaning is the same as "calculated to" (cause confusion) or "reasonably likely to" (cause confusion). (See *Eno v. Dunn*<sup>7</sup>; *In re McDowell's Application*;<sup>8</sup> *Kerly on Trade Marks*<sup>9</sup>). It, therefore, makes no difference whether the employment of any method of directing public attention is fraudulent, or merely mistaken or accidental.<sup>10</sup> But as a practical matter of proof, it will be easier for a plaintiff to succeed if a defendant has acted fraudulently or in a manner approaching dishonesty.

Not only is there no technical acquired meaning of the noun "confusion" as used in section 7(b) of the *Trade Marks Act*, but also the Act does not define it or precisely direct how it should be interpreted. And none of the catalogue of factors prescribed in section 6(5) of the *Trade Marks Act* which are employed to assess and determine the issue of "confusing" in cases where that adjective is relevant, are precisely in point. (See Cameron J. in *Building Products Ltd. v. BP Canada Ltd.*<sup>11</sup>) But such catalogue of factors may be used as guidelines in interpreting the

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD et al  
 ———  
 Gibson J.  
 ———

<sup>6</sup> 6. . . .

(5) In determining whether trade marks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

- (a) the inherent distinctiveness of the trade marks or trade names and the extent to which they have become known;
- (b) the length of time the trade marks or trade names have been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade marks or trade names in appearance or sound or in the ideas suggested by them.

<sup>7</sup> (1890) 15 App. Cas. 252; (1890) 7 R.P.C. 311.

<sup>8</sup> (1927) 44 R.P.C. 335 at 341.

<sup>9</sup> 8th Ed. p. 400 et foll.

<sup>10</sup> cf Thurlow J. in *Clairol International Corp. et al v. Thomas Supply & Equipment Co. et al* [1968] 2 Ex. C.R. 552 at pp. 561 and 562, where he says that paragraphs (b), (c) and (d) of section 7 of the *Trade Marks Act* "each by its terms is limited to conduct which is deceptive or likely to result in deception and is in that sense dishonest".

<sup>11</sup> (1961) 36 C.P.R. 121 at 132, 134 and 139.

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD et al  
 Gibson J.

noun "confusion" in section 7(b). (See *Canadian Converters' Co. v. Eastport Trading Co.*<sup>12</sup> and *Carling Breweries (B.C.) Ltd. v. Tartan Brewing Ltd.*<sup>13</sup>)

So, therefore, in interpreting the meaning of the whole of section 7(b), (interpreting the other words in their natural meaning) it seems clear that by this statutory tort action prescribed in section 7(b) of the *Trade Marks Act*, protection is afforded against the employment of any method of directing public attention so as "to cause or be likely to cause confusion in Canada" by which one person's "wares, services or business" are made to appear as if they originated from another, whether or not a trade mark is involved. The relevant time to consider in determining whether or not this statutory tort has been committed is the time of the commencement of the employment of any such method of directing public attention to them or it.

Two common methods of breaching this subsection may be by the use of misleading get-up and by unfair salesmanship, and both are relevant in this case. It is not unusual for these two to go together. Sometimes misleading get-up is sufficient to justify an action against a third party for enabling others to breach this subsection. In such a case, sometimes though, the manufacturer may not be sued, but his customers may be, if they in fact make unfair use of the misleading get-up.

The proof in an action such as this is always difficult to obtain.

To succeed, a plaintiff must prove, firstly, that what he has done in relation to his "wares, services or business" (the get-up) has caused a certain part of the public or the public as a whole, if such is the case (that is, the plaintiff's "market") to associate such with his "wares, services or business"; in other words, a plaintiff must prove that what a defendant has done has resulted in confusion to the public in the plaintiff's market, as to the origin or source of the "wares, services or business"; and that as a result in the subject market, such get-up has acquired a secondary meaning or significance, thereby establishing a right in such a plaintiff. This right has been described in some of the cases as a proprietary right. (As a practical matter in this regard,

<sup>12</sup> [1969] 1 Ex. C.R. 493; (1968) 70 D.L.R. (2d) 149.

<sup>13</sup> [1969] 1 Ex. C.R. 500; (1969) 2 D.L.R. (3d) 398.

the plaintiff must prove that he has extensive enough goodwill for his “wares, services or business” for them or it to be recognized by members of the public in the plaintiff’s market; otherwise, it would not be possible for such members of the public to be deceived or confused when they come across similar “wares, services or business” put out or carried on by another. Putting it another way, section 7 (b) of the Act protects established lines of “wares, services or business” of established businesses from illegal imitation, but does not provide a shield behind which a new goodwill can be built up). (In this respect, in contrast, registration of a trade mark by reason of section 19<sup>14</sup> of the *Trade Marks Act* which gives “to the owner the exclusive right to the use throughout Canada of such trade mark in respect of . . . (his) wares or services”, gives to such owner an absolute right to stop others from using that trade mark, and as a consequence, goodwill can be built up behind the protection given by section 19 of the Act).

Secondly, such a plaintiff must prove what sometimes has been described as an invasion of such a right. Such invasion or breach of such a right in the manner contemplated by section 7(b) must be in such a way as to “cause or be likely to cause confusion in Canada”. (Whether or not, in any given case, the employment of any method of directing public attention caused or was likely to cause confusion in Canada within the prohibition contemplated by section 7 (b), is a question of fact, and proof must be such as to convince a Court that more probable than not confusion has been caused or there is reasonable apprehension of the likelihood of confusion being caused.)

Thirdly, such a plaintiff must prove that such breach of section 7(b) of the *Trade Marks Act* caused or was likely to cause him damage.

In this primary action, as stated, the plaintiff does not rely on the trade mark OLD DUTCH in its action under section 7(b) of the Act. It relies solely on its get-up which employed the words of the trade mark OLD DUTCH in association with its potato chips.

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD et al  
 ———  
 Gibson J.  
 ———

<sup>14</sup> Subject to sections 21, 31 and 65, the registration of a trade mark in respect of any wares or services, unless shown to be invalid, gives to the owner the exclusive right to the use throughout Canada of such trade mark in respect of such wares or services.

1969

OLD DUTCH  
FOODS LTD  
v.  
W. H.  
MALKIN  
LTD et al  
Gibson J.

It proved that it had made very substantial sales for some years prior to September 16, 1964, of potato chips in boxes which it called "Twin Pak" and "Triple Pack" and also in a variety of smaller packages. It proved that it advertised extensively its "Twin Pak" and "Triple Pack" box designs employing the mark OLD DUTCH. It did not prove precisely that such use and advertising was well known by the public in the whole of its alleged market area. But it did prove that such use and advertising, at least extended to the Winnipeg area and to some very much lesser extent, Fort William, Port Arthur, Regina, Calgary, Vancouver and certain other smaller cities. But the get-up it employed during the period 1955 to September 16, 1964, varied and was not consistent. The only consistent thing was the employment of the mark OLD DUTCH in its marketing of its potato chips.

The plaintiff also proved that the defendant W.H. Malkin Ltd, from September 16, 1964, to November 16, 1964, in association with the words DUTCH MAID and in boxes bearing the words DUTCH MAID did sell potato chips in boxes containing double packs and triple packs of potato chips and that thereafter the defendant Western Potato Products Ltd, sold potato chips in a similar fashion.

The get-up of the boxes and packages containing these latter potato chips bore the same colours as the boxes and packages of the plaintiff, namely, red, white, green and yellow, but the design was different.

The evidence is that from September 16, 1964, to 1968 the sales of the plaintiff of potato chips increased progressively substantially and unabated. In the year 1968 such sales totalled \$7,197,723 (see Exhibits 130-131).

The plaintiff also adduced evidence through several witnesses that each had confused an OLD DUTCH product with a DUTCH MAID product on a single isolated occasion. The plaintiff also adduced evidence through one retailer in Winnipeg who said that sometimes the customers ordered OLD DUTCH potato chips by merely referring to them as DUTCH potato chips.

The defendant adduced evidence through witnesses, mainly retailers, who said they sold both OLD DUTCH and DUTCH MAID potato chips from September 16, 1964, and never knew of any customer being confused as to which brand of potato chips he or she was purchasing.

In the result, from the whole of the evidence, I am of opinion that although the plaintiff sold large quantities of potato chips in association with the words OLD DUTCH, that the get-up of its boxes and packages was not consistent throughout the period that there were no other potato chips being sold in this market area employing the word "DUTCH" or any other word in combination with the word "DUTCH" as of September 16, 1964; and that the public in such market area were reasonably familiar with the words OLD DUTCH in association with potato chips.

As a consequence, I am of opinion that the plaintiff had built up a certain amount of goodwill in connection with the sale of its potato chips employing the words OLD DUTCH but not in respect to any precise get-up used by it.

I am of the view also that the defendants in using the words of the trade mark DUTCH MAID and certain parts of the design in association with the sales of their potato chips commencing September 16, 1964, were not unmindful of the commercial success of the plaintiff in selling its potato chips using the words OLD DUTCH. But I am not convinced that the get-up of the packages used or caused to be used by the defendants (or some or one of them) commencing September 16, 1964, and thereafter, was such that the same did in fact cause in any material way the public to be confused or was such that it was likely to cause confusion between their potato chips and the plaintiff's potato chips, in the subject market within the prohibition contemplated by section 7(b) of the Act.

The plaintiff's application to amend its pleadings in respect to the defendant Western Potato Products Ltd, is granted in the terms requested. The case that was attempted to be made against Western was an action for enabling the defendants W.H. Malkin Ltd, and Shop-Easy Stores Limited to breach section 7(b) of the Act.

As to the other claims in the primary action and as to the other three actions and counterclaim, I am of opinion there was insufficient evidence adduced for any of them to succeed.

In the result therefore, the actions are dismissed with costs and the counterclaim without costs.

1969  
 OLD DUTCH  
 FOODS LTD  
 v.  
 W. H.  
 MALKIN  
 LTD *et al*  
 —  
 Gibson J.  
 —