

*Judgment of the Lords of the Judicial Committee of the Privy Council on the Appeal of The Grand Hotel Company of Caledonia Springs, Limited, v. Wilson and others, from the Court of Appeal for Ontario, delivered the 4th November 1903.*

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Present at the Hearing :

LORD DAVEY.

LORD ROBERTSON.

SIR ARTHUR WILSON.

[*Delivered by Lord Davey.*]

The Appellants are the proprietors of certain lands in the township of Caledonia, Prescott County, Ontario. There are on this land three natural springs of mineral waters containing chemical properties which render them serviceable as table waters and for medicinal purposes. The springs are in close proximity to each other, but differ widely in their character. One of these springs is known as the Gas Spring from the quantity of carburetted hydrogen gas which it evolves, another is called the Saline Spring, while the third is known as the White Sulphur Spring. Owing to the presence of these springs the site has for many years past acquired a great reputation as a place of summer resort. The Appellants own a large hotel called the Caledonia Springs Hotel, and in the course of time other buildings have been erected which the learned Chancellor of Ontario in his judgment describes as "The Caledonia Springs Village attached to

the hotel," and there are a Caledonia Springs Post Office and a Caledonia Springs Railway Station. The springs are called the Caledonia Springs, and the locality itself has also acquired the name of Caledonia Springs, very much like Tunbridge Wells, although in this case there is nothing which could properly be described as a town, and no incorporated village.

There is a fourth spring situate about two miles from the other springs, called the "Intermittent" or "Duncan" Spring belonging, not to the Appellants, but to a gentleman named King Arnoldi. The Appellants on the 27th December 1899 acquired from Mr. Arnoldi the right to take water from the Duncan Spring and to use his registered trade marks for a period of two years, and also for ever to use in connection with the water of the Duncan Spring the words "Magi Caledonia Springs," registered by them. The Appellants thus include this spring also in the expression "Caledonia Springs."

The Appellants use the water from their springs for the purpose of supplying the visitors at their hotel, and also supply it in barrels to their agents and others in Ontario and Quebec, who bottle it for the purpose of sale to the public. And they have registered as trade marks certain labels for use on the bottles. The Appellants' waters and (it may be assumed) Mr. Arnoldi's waters also have acquired in the market the name of "Caledonia Water."

The Respondent McDougall was also until recently the proprietor of an hotel at Caledonia Springs known as the Queen's Hotel. The Respondent McDonell was the owner of land immediately adjoining the land of the Appellants. McDougall, having some difficulty with the Appellants as to the supply of their water for the visitors at his hotel, in the year 1898 commenced boring on the land of McDonell, who

was his brother-in-law, and at the depth of 85 feet a spring of saline water was tapped, and a further boring made a short distance from the first struck a subterranean spring of sulphur water at a depth of 165 feet. Both springs have a continuous natural flow which rises up the pipes laid in the borings. These borings are situate about a quarter of a mile from the Appellants' three springs, and the analysis of the water obtained from them shows a general resemblance to the waters from the Appellants' springs. On the 1st August 1898 McDonell entered into a partnership agreement with the Respondents Lyall and Trenholme for placing on the market the waters from the borings thus made on his land. Arrangements were then made with the Respondents Wilson for sale of the waters as agents for the partners at Toronto, and with the Respondents J. Tune and Son for their sale at London (Ontario).

On the 5th February 1901 the Appellants commenced two actions against the Respondents Wilson and against the Respondents J. Tune and Son. The other Respondents were afterwards added as Defendants in each action. The two actions were consolidated, and were heard by the Chancellor of Ontario on the 11th June 1901, and judgment was delivered on the 18th of the same month.

The Plaintiffs in the action claimed an exclusive right to the use of the word "Caledonia" in the phrases (amongst others) "Caledonia Water," "Caledonia Seltzer," "Mineral Water from Caledonia Springs," and "From New Springs at Caledonia," and the words "Natural Saline Water" and "Natural Seltzer," and prayed an injunction to restrain the Defendants from infringing the Plaintiffs' trade marks and also from selling the water as Caledonia Water, or under any name, trade mark, or designation,

using the word "Caledonia" as descriptive of the same or to indicate the source of the water.

The learned Chancellor held that the Respondents J. Tune and Son had infringed the Appellants' trade mark, and the Court of Appeal agreed in that finding, and continued the injunction granted against those Respondents. There is no appeal as to this matter, and it seems to their Lordships clearly right. It is fair, however, to the principal Respondents to say that the obnoxious labels were adopted without any direction from them, and when they were made aware of the use of the labels they expressed their disapproval and said they could not undertake to defend it. As regards the labels used by the Respondents Wilson, the Chancellor held that the Defendants had not infringed the Appellants' trade marks, but as to the trade names "Caledonia Water" and "Water from Caledonia Springs," the case of the Plaintiffs was established, and he granted an injunction accordingly.

The Respondents appealed, and their Appeal was heard ultimately before Moss C.J., and Macleanan and Osler JJ. The Chief Justice agreed with the Chancellor, but thought that the terms of the injunction should be varied in one respect. The two other learned judges dissented (except as to the injunction against J. Tune and Son), and the reasons for their judgment were given by Mr. Justice Macleanan. The Appeal was accordingly allowed, and by an Order of the 4th December 1902 the actions, save in respect of the injunction against the Respondents J. Tune and Son, were dismissed with costs. Hence this Appeal.

The learned Counsel for the Appellants did not lay much stress upon the alleged infringement of the trade marks except as regards the use of the word "Caledonia," and in their Lordships' opinion quite rightly. On this

point, which is one of fact, their Lordships agree with the concurrent findings of the two Courts below. Nor do their Lordships think there is anything in the make-up of the Respondents' goods to which the Appellants can reasonably object. A more difficult question is as to the use of the word "Caledonia" as a trade name or as part of the description of the Respondents' waters. It must be conceded that the Respondents cannot use the word in such a manner as to pass off their goods for those of the Appellants. But if they have not done so, they ought not to be restrained by injunction from the use of the word.

The first fact to be noted is that the goods in question are not a manufactured article, or (in other words) the name which it is sought to protect is not the name for the Appellants' make of goods but, to put it most favourably for the Appellants, designates water from particular springs belonging to them. The waters derive their virtues from the strata from which they spring, or through which they pass, before they reach the surface, (that is to say) from the inherent properties of the soil itself in that particular locality. Another material fact is that the words "Caledonia Springs" and "Caledonia Water" are said to designate the Duncan Spring and its waters equally with the Appellants' three springs, although the former is distant two miles from the latter and has no apparent connection with them, except that of being situate in the same township. It is quite true that the same trade name may designate the goods of more than one person, but it is less easy to infer that a geographical description has acquired a secondary meaning when you find that it is used to designate the goods of two or more persons connected only by identity of geographical origin. And whatever force there is in this

observation does not appear to their Lordships to be materially weakened by the fact of there being other springs in the township which, like the "Duncan" spring, are called by different names. Lastly it must be observed that in the present case the name of the locality necessarily enters into and forms part of any real description of the Respondents' waters, and that the words "Caledonia Springs" have acquired a secondary or perhaps tertiary meaning as the name and the only name of the locality. Their Lordships agree with Mr. Justice MacLennan that if the Respondents' water is likely to be more sought after and more marketable, and if the business of the selling it is likely to be more profitable by reason of the situation of the springs and their nearness to the famous old springs, the Respondents are entitled to the benefit of that circumstance. Indeed it is impossible to see how the Respondents could adequately describe a natural product of the soil which derives its excellence from the inherent properties of the soil in that particular locality without some reference to the place, and using for that purpose in some form the only name by which it is known.

Their Lordships are therefore of opinion that the Appellants have not a right to the exclusive use which they claim of the word "Caledonia" in connection with their waters. The Stone Ale case, *Montgomery v. Thompson* (1891 A.C. 217), does not appear to them to have any bearing on the present case. That was a case of a manufactured article, and was decided on the special circumstances of the case, as clearly appears from the judgments of Lord Watson and Lord Macnaghten. The Glenfield Starch case, *Wother-spoon v. Currie* (L.R. 5 E. & I.A. 508) differs materially from the present case in the facts on which it was decided, for the term "Glenfield"

was not a necessary part of the description of the manufactured article there in question, and there was evidence that the Defendant's works were set up at Glenfield for the purpose of passing off their goods as those of the Plaintiff. But have the Respondents used the word "Caledonia" in such a manner as to pass off their water as coming from the springs of the Appellants? Or have they taken adequate care to distinguish their goods from those of the Appellants? In considering this question their Lordships do not forget the answer given by the Respondent Lyall in his evidence when he accepted the suggestion of the Plaintiffs' Counsel that his object, in taking hold of this water from these wells was to sell it as Caledonia water. They do not however attach so much importance to this piece of evidence as the learned Chancellor. From the way in which the suggestion was made and accepted they think that Lyall may not have meant more than that he desired to sell it as water from Caledonia in competition with the Plaintiffs. The Respondents are not proved to have ever themselves sold their water under the description of "Caledonia Water," or "Water from Caledonia Springs," but what is said is that the use by them of the word "Caledonia" in any form enables the water to be sold by the retailer as "Caledonia Water," and is therefore calculated to deceive the ultimate purchaser. Their Lordships agree with what has been frequently said in these cases, that even a description of goods which is literally true may be so framed as to mislead, and they bear in mind the cases of which *Johnston v. Orr Ewing* (7 App. Ca. 219) is an example, where a trade name or mark which would not mislead the dealer has been held an infringement because it was calculated to mislead the retail purchaser.

The Respondents (other than J. Tune and Son) sell their goods under the description of "Natural Saline Water from the New" (or "from New Springs at Caledonia," and as "Beaver Brand," and they have a picture of a beaver on their labels as a trade mark. It appears to their Lordships that the expressions "the new springs" or "new springs" at once distinguishes their water from the water coming from what the Appellants call on one of their labels "the original springs," and no person reading the label could possibly believe he was buying water from the original springs. It is not like the case of manufactured goods where the trade name attaches to the make of a particular manufacturer, and the purchaser might then suppose he was buying a new make of the same manufacturer. In the present case the name is not personal but local, and attaches only to the particular springs. The learned Chancellor criticises the use of the word "springs" as descriptive of the source from which the Respondents derive their water, but this seems hypercritical. The source is none the less a spring because it finds its way to the surface by an artificial cavity instead of a natural fissure in the soil. The learned Chancellor also criticises the use of the words "at Caledonia." He says there is no place called Caledonia simply. It is true that "Caledonia Springs" would have been more accurate, but also, probably, in the view of the Plaintiffs, more objectionable. But whether the words are to be taken as referring to the township or the particular place, their Lordships agree with Mr. Justice Maclellan that the words "at Caledonia" are not inaccurate, and it was pointed out that the expression is used in the sheet called "Life at the Springs," which is described as published every Saturday "at



“Caledonia.” It is possible that the common use of the word “Caledonia” in any form may lead to some dishonesty on the part of the retail seller. But their Lordships think that, in the peculiar circumstances of this case, the Respondents cannot be made responsible for such a consequence. The Plaintiffs sold their water as “Caledonia Water” at a time when they had no competitors in the sale of natural mineral waters from the place called Caledonia Springs, but in giving it that name they ran the risk of other persons discovering other springs in the same locality, and being entitled to sell other water as water coming from springs in that locality. Their Lordships hold that the Respondents are entitled to indicate the local source of the waters sold by them, and so holding, they think that the burden cast upon the Respondents of distinguishing their goods from those of the Appellants has been discharged. “New Springs” seems at least as distinctive as Crystal Springs, which the Respondents originally thought of, or “Beaver Spring” which was suggested by the Counsel for the Appellants.

They will, therefore, humbly advise His Majesty that the Appeal should be dismissed, and the Appellants will pay the costs of it.

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