

Ottawa
1968

BETWEEN:

May 30-31

GREAT LAKES HOTELS LIMITED APPLICANT;

Sept. 5

AND

THE NOSHERY LIMITED RESPONDENT.

Trade marks—"Penthouse" used in respect of restaurant and catering services and foods in Toronto—Whether "penthouse" descriptive—"Place of origin", meaning—"Distinctive", meaning—Use of trade mark in restricted area—*Trade Marks Act*, ss. 2(f), 12(1)(b), 18(1)(b).

Respondent, which operated a dining and catering room called "The Penthouse" in its restaurant in Toronto (where it provided both on-premises and off-premises service), became registered owner in 1963 of the word "Penthouse" as a trade mark in respect of its restaurant and catering services and for certain foods. In August 1967 applicant (which operated the "Penthouse Motor Inn" in Toronto) applied under s. 56(1) of the *Trade Marks Act* to strike out the registration.

Held, dismissing the application:—

1. Registration of the word "Penthouse" was not contrary to s. 12(1)(b). The word "penthouse", which in modern usage means roof-top-premises, described the location but not the nature or quality of respondent's services or wares. Neither did it describe their place of origin: the words "place of origin" in s. 12(1)(b) connote a place indigenous to the services or wares.
2. On the evidence the trade mark "Penthouse" did actually distinguish the services and wares of respondent in metropolitan Toronto at the time these proceedings were commenced and the registration was therefore not invalid under s. 18(1)(b). A trade mark is "distinctive" within the meaning of s. 2(f) and s. 18(1)(b) if it actually distinguishes its owner's services and wares from those of others in a particular restricted area of Canada though not of all others in Canada.

ORIGINATING NOTICE OF MOTION.

James D. Kokonis and *Nicholas H. Fyfe* for applicant.

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

CATTANACH J.:—These proceedings were initiated by way of an originating notice of motion dated August 30, 1967, pursuant to section 56(1) of the *Trade Marks Act*¹

¹ 56. (1) The Exchequer Court of Canada has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of such application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

for an order striking out or amending an entry in the register of trade marks made on February 22, 1963, under No. 130,029 for a trade mark of the word "Penthouse", in the name of the respondent as registered owner, in respect of the following wares and services:

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Services: (1) Restaurant services; catering services (on the premises).
(2) Catering services (off the premises); the arrangement, provision and delivery of trays of food for parties commonly referred to as party tray service and buffet tray service.

Wares: Boxed and/or packaged canapes, pates, hors d'œuvres and buffet trays.

On the ground that at the date of the application for registration the entry as it appears on the register does not accurately express or define the existing rights of the registered owner.

The reasons advanced for such allegation by the applicant are set out in its notice of motion as follows:

(a) The said trade mark was not registrable at the date of registration because at that date it was clearly descriptive or deceptively misdescriptive in the English language of the character or quality of the wares and services for which it is registered and in association with which it is used and of their place of origin;

(b) The said trade mark is not distinctive in that as of the date of institution of these proceedings it does not actually distinguish the wares and services in association with which it is used by the respondent from the wares and services of others, nor is it adapted so to distinguish them.

The date of registration referred to in paragraph (a) above is, of course, February 22, 1963, and date of the commencement of these proceedings referred to in paragraph (b) above is the date of the notice of motion, August 30, 1967.

The applicant, a company incorporated under the laws of the Province of Ontario with head office in Toronto, carries on the business of a motor hotel, including a dining-room and lounge providing entertainment, refreshments and dancing under the name, style or firm of PENTHOUSE MOTOR INN in the municipality of West Hill,

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Scarborough, Ontario. A declaration under the *Partnerships Registration Act*² to the effect that the applicant so carried on business since July 29, 1966, was registered on August 3, 1966.

The respondent is also a company incorporated pursuant to the laws of the Province of Ontario. About April 1953 the respondent began the operation of a restaurant known as The Noshery on the ground floor of premises at 488 Eglinton Avenue west, in the City of Toronto, offering on the premises dining facilities.

About May 1958 the respondent began operating a dining and catering room at the same address in association with the name "The Penthouse".

Early in 1961 the respondent began the operation of a catering business whereby it prepared, delivered and served meals, snacks and boxed party trays to individual and to industrial and commercial customers throughout the Municipality of Metropolitan Toronto, which includes Scarborough where the applicant carries on its business, and sometimes beyond the boundaries of that municipal area, under the name of "Penthouse Party Catering".

In December 1963 the respondent opened on its premises a separate room called "The Penthouse Lounge" in which catering to pre-arranged gatherings is carried on.

The respondent's answer to the first of the applicant's objections set forth above is that its trade mark "Penthouse" at the date of its registration, namely, February 22, 1963, was not clearly descriptive or deceptively misdescriptive in the English language of the character or quality of the wares or services in association with which it is used or of their place of origin within the meaning of section 12(1)(b) of the *Trade Marks Act*.

The respondent's second answer is that its trade mark of the word "Penthouse" is so adapted to be used by it to distinguish its wares and services from those of others and that as of the date of the institution of these proceedings,

² R S O 1960, 260

namely, August 30, 1967, its trade mark did actually distinguish its wares and services from those of others, (1) throughout Canada, (2) in the Province of Ontario or (3) in the area of Metropolitan Toronto.

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The respondent, in its pleadings, also denied that the applicant was a "person interested" and so entitled to apply for an order striking out or amending an entry in the register of trade marks within the meaning of those words in section 56(1) of the *Trade Marks Act*. However, this ground of defence was abandoned at trial.

Counsel for the parties furnished me with a great number of definitions of the word "penthouse" extracted from standard and recognized dictionaries and other sources.

It is apparent therefrom that the word originally referred to, and still refers to, any subsidiary or added structure attached to a larger building and covered by a roof sloping down and away from the main wall of a building. It also describes any bracketed, sloping roof projecting from a wall of a building to give shelter to a door, window or outside stair.

In modern usage the term is applied to any subsidiary roof construction and in particular to structures built above the main roof line and recessed behind the exterior wall line, to house water tanks, elevator machinery (which are now referred to as mechanical penthouses) and, in more recent times, living quarters often of a luxurious nature.

In "A Glossary of House Building Terms" published by Central Mortgage and Housing Corporation, the word, "penthouse" is defined as an enclosed structure, other than a bulk head, on the roof of a building.

With the advent of the plethora of high-rise apartment buildings in urban centres, the landlords have taken liberties with the precise technical meaning of the word "penthouse" and have adopted it to refer to apartments on the topmost floor of the building with the implication that such apartments are more desirable and command a correspondingly higher rental.

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The word "penthouse" is now accepted as referring to premises located upon the roof of a building, or on the topmost floor thereof.

With such background in mind, it is incumbent upon me to determine whether the word "penthouse" is either clearly descriptive or deceptively misdescriptive of the character or quality of the services, as well as the wares, in association with which the respondent has used that trade mark. Those services are, as previously outlined, (1) on the premises restaurant and catering services and (2) off the premises catering services. In these two connections there is no suggestion whatsoever that the trade mark is applicable to the food there supplied, but its use is limited to the services.

The wares in association with which the trade mark "Penthouse" has been used by the respondent are "boxed and/or packaged canapes, pates, hors d'œuvres and buffet trays". The question here is whether or not the word "penthouse" describes their character or quality or their place of origin.

In *Eastman Photographic Materials Company v. Comptroller General of Patents, Designs and Trade Marks*³, Lord Herschell said at page 580:

...any word in the English language may serve as a trade-mark—the commonest word in the language might be employed. In these circumstances it would obviously have been out of the question to permit a person by registering a trade-mark in respect of a particular class of goods to obtain a monopoly of the use of a word having reference to the character or quality of these goods. The vocabulary of the English language is common property: it belongs alike to all; and no one ought to be permitted to prevent the other members of the community from using for purposes of description a word which has reference to the character or quality of goods.

If, then, the use of every word in the language was to be permitted as a trade-mark, it was surely essential to prevent its use as a trade-mark where such use would deprive the rest of the community of the right which they possessed to employ that word for the purpose of describing the character or quality of goods.

Under the *Trade Marks Act* a word in the English language, such as the word "penthouse" may serve as a trade mark subject to the limitations set out in section 12(1)(b)

³ [1898] A.C. 571.

if in the language thereof it is not "either clearly descriptive or deceptively misdescriptive in the English or French languages of the character or quality of the wares or services in association with which it is used or proposed to be used... or of their place of origin;" and if such word is otherwise capable of being used "for the purpose of distinguishing or so as to distinguish wares or services" of the person so using the word from those of others within the meaning of the above quoted words in the definition of a "trade mark" in section 2(t) of the Act.

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I realize, of course, that the word "Penthouse" describes the location where the on premises catering services supplied by the respondent to the public are performed, but the question is whether or not it describes the services there performed.

To pose the question is to furnish the answer. To describe the location where the services are performed negates any suggestion that the description is applicable to the on premise services there performed and this would apply with greater force to the off premise services. Neither would the word appear to be clearly descriptive or deceptively misdescriptive of the nature or quality of the wares, as set out above, in association with which the mark is used.

The word "penthouse" is at the utmost suggestive of the character or quality of the services rendered. One might reasonably assume from what I accept as the current usage of the word "penthouse" as referring to premises located on the roof of a building or on the topmost floor thereof that a restaurant so described would be there located. That location, because of its lack of ready access, might well convey an idea of exclusiveness with meals being served where diners could enjoy a leisurely repast with a panoramic view associated with height and consequently an excellent class of food with prices commensurate with the quality of food served in such an exotic and glamorous environment.

However, as I have indicated above, the word "Penthouse" describes the location of the restaurant where such

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services are performed and does not, in my view, refer to the services there performed. Any covert allusion to the character or quality of those services is only remotely suggestive thereof.

This, in my opinion, is not sufficient to render the trade mark not registrable as it has been held in several instances that mere suggestiveness should not deprive a mark of registrability even where a word used skilfully alludes to the wares in association with which it is used unless of course it is clearly descriptive of their character or quality as contemplated by the *Trade Marks Act*. This principle is equally applicable to services.

While I concede that the word "Penthouse" might be remotely suggestive of the character or quality of the services rendered by the respondent in association with its on the premises restaurant and catering services because of the coincidence of the premises and the services, I am unable to follow how such suggestiveness can be present when off the premises catering is performed. These services are described as "the arrangement, provision and delivery of trays of food for parties commonly referred to as party tray service and buffet tray service". I would assume that, in some instances, the only service which the respondent would perform would be to deliver the trays of food ordered by its customer and the actual serving of the food so delivered would be undertaken by the host. I would also assume that, in other instances, the respondent would supply the food and personnel to serve it if desired. In either instance the service so performed would be done at a place far removed from the respondent's on premise service. In either instance there would be no suggestion whatsoever that the service then given would have any relationship to the location of the respondent's on premise services on the roof-top and whatever implications that might be inferred from such circumstance would no longer prevail.

Similarly I am unable to follow how the word "Penthouse" can have any relationship to the respondent's wares in association with which it uses that trade mark. The respondent's wares, to which the trade mark applies, are "boxed and/or packaged canapes, pates, hors d'œuvres

and buffet trays". The use of the word "Penthouse" in association with such wares does not, in my view, suggest a feature or an essential peculiarity of those wares.

Counsel for the applicant also submitted that the word "Penthouse" is either clearly descriptive or deceptively misdescriptive of the place of origin of the wares and services in association with which it is used. He submitted that the words "place of origin" as they appear in section 12(1)(b) must be given a broad meaning, that the word "origin" is synonymous in meaning with words such as "source, inception, beginning, root" and the like, that the word "place" is synonymous in meaning with the word "spot" and accordingly the words "place of origin" must be interpreted as meaning a physical location.

The prohibition in section 12(1)(b) is directed against a word that indicates the place of origin of the services or wares. Obviously a word must signify some relationship of the wares to the place to render it not registrable as a trade mark. To be invalid the name must have been given to an article by a trader in such wares to acquire the benefit of a well known and generally recognized connection of the article with the locality. Examples of this readily occur such as "Florida" in association with oranges, "Ceylon, China, or Darjeeling" in association with tea among many others of like import. The name of a place of business or factory, however, is not necessarily descriptive of the place of origin of wares or services unless it can be said that such a name is indigenous to those wares and services.

I fail to follow how the word "penthouse" can have any such connotation. As a matter of first impression the word "Penthouse" does not convey to me any meaning that has a direct relationship with food, catering or restaurant services.

In my view, in any context relating to food the word "Penthouse" in its modern usage appears to be meaningless.

I am, therefore, led to the conclusion that the trade mark "Penthouse", used in association with the wares and

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services above indicated, is not clearly descriptive or deceptively misdescriptive of their character or quality or of their place of origin and from the character of the word it is apparent that it is inherently capable of distinguishing the wares and services of its user.

The applicant's second objection to the registration of the trade mark "Penthouse" by the respondent on February 22, 1963, is that the said trade mark is not distinctive in that at the date of the commencement of these proceedings, i.e. August 30, 1967, it does not actually distinguish the wares and services in association with which it is used by the respondent from the wares and services of others, nor is it adapted to distinguish them.

For the reasons previously outlined I have concluded that the word "penthouse" from its nature is suitable and capable of identifying particular wares and services from those of others.

The question, therefore, remains whether or not it has been established as a fact by the evidence adduced that the trade mark actually in fact distinguishes the wares and services in association with which it is used by the respondent from the wares and services of others.

The word "distinctive" is defined in section 2(f) of the *Trade Marks Act* as "in relation to a trade mark means a trade mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted to distinguish them".

Under section 12(2) of the Act a trade mark that is not registrable by reason of it being the name or surname of an individual or clearly descriptive or deceptively misdescriptive of the character or quality of the wares or services or of their place of origin in accordance with paragraphs (a) and (b) of subsection (1) of section 12 is, nevertheless, registrable if it has been used by the applicant so as to have become distinctive at the date of filing of an application for its registration. The record does not indicate that evidence of distinctiveness was submitted to the Registrar of Trade Marks at that time, i.e. February 28, 1963, but in

any event, by reason of section 18(2) no registration of a trade mark that has been so used as to have become distinctive at the date of registration shall be held invalid merely on the ground that evidence of such distinctiveness was not submitted to the Registrar before the grant of registration.

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Accordingly, in my view, the critical date to which attention must be directed is that of the commencement of these proceedings, i.e. August 30, 1967, as outlined in section 18(1)(b) which reads:

18 (1) The registration of a trade mark is invalid if

...

(b) The trade mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced;...

The applicant introduced in evidence four affidavits for a two-fold purpose, (1) to establish that the trade mark "Penthouse" was clearly descriptive of the character or quality or the place of origin of the wares and services in association with which it has been used by the respondent and (2) to establish that the mark "Penthouse" is not distinctive because of its multiple use.

With respect to the first purpose, which was to show that the mark is clearly descriptive of the character or quality of the wares and services or of their place of origin, it is my opinion that the affidavits fail to accomplish this end for the reasons I have already given.

It was specifically avowed on behalf of the applicant that these affidavits were not directed to the question of the mark not being registrable because of prior user. Such an allegation is not available to the applicant, whose use of the trade name PENTHOUSE MOTOR INN since July 29, 1966, does not antedate the registration of the trade mark "Penthouse" by the respondent, nor is such allegation raised in the applicant's pleadings.

I have accordingly summarized what I conceive to be the material content of these four affidavits as follows:

1. An affidavit of Harry Lake establishes that he carries on, in the City of Montreal, P.Q. businesses on

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three successive floors of a building owned by him under the respective names of (a) The Elbow Room, (b) The Windsor Steak House and (c) the Penthouse. The Penthouse is operated under a cabaret licence featuring dancing and entertainment. The word Penthouse was registered by him as a firm name and style on January 18, 1951, with the appropriate Provincial authority.

2. An affidavit of Ross Filippone establishes that Eagle-time Athletics Ltd. carried on a night club business under the name of The Penthouse in the City of Vancouver, B.C. from March 1947 and continues to do so. This cabaret business includes furnishing restaurant services, dancing, entertainment and music as well as on premises catering by special arrangement. A declaration of the use of the firm name, The Penthouse, was filed on September 1950 with the appropriate Provincial authority.
3. An affidavit of Douglas H. Wymark establishes that Duvernay Enterprises Inc. has operated a night club on the top floor of its premises in the City of Hull, P.Q. under the name of "The Executive Penthouse" since June 1962.
4. An affidavit of Wolfe Margolus establishes that Western Motor Hotel (Edmonton) Ltd. has operated a night club on its premises in the City of Edmonton, Alberta, since May 1963 under the name of Penthouse offering dining, lounge and restaurant services and on premises catering by special arrangement.

The respondent, in its reply, says that the trade mark "Penthouse" did actually distinguish its wares and services from those of others as at August 30, 1967, the date of the commencement of these proceedings, and that it continues to do so (1) in Canada, or (2) in the alternative in the province of Ontario, or (3) in the further alternative in the area of Metropolitan Toronto.

In support of such allegations the respondent introduced in evidence a number of affidavits designed to show that the trade mark "Penthouse" identified its wares and services. These affidavits may be categorized into three groups, (1) those of suppliers to the respondent, (2) those of its competitors and (3) those of the users of its services.

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In addition to these affidavits there was also introduced an affidavit of the managing director of the respondent setting out particulars of the respondent's business.

Objections were taken to the probative value of such affidavits and to statements of some of the affiants that in their opinions the trade mark is well known to the public and is distinctive of the wares and services of the respondent. The objection that an affiant cannot express an opinion that a trade mark is distinctive in the public mind is well taken. An affiant can only speak from his own knowledge and cannot express an opinion as to what other persons might think.

In *Battle Pharmaceuticals v. The British Drug Houses Ltd.*,⁴ Kerwin J., as he then was, speaking for the Supreme Court of Canada, said at page 53:

... We agree that a witness may not state his opinion as to the effect the use of a mark would have, or would be likely to have, . . . because . . . that is the very point to be determined in the proceedings, but that he may testify as to the effect the use of the mark in dispute would have on his own mind.

However, after disregarding the statements which are so inadmissible and giving effect to what I consider to be the probative value of the evidence adduced by the respondent as well as considering the evidence adduced by the applicant I cannot conclude that the respondent's mark distinguishes its wares and services throughout Canada. That claim on the part of the respondent is too ambitious and, in my view, it is not substantiated. From its very nature the business of a restaurant is necessarily local in scope unless a chain of restaurants were operated which is not the case here.

⁴ [1946] S.C.R. 50.

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I am satisfied that the respondent's mark has become well known to the public in the area of the municipality of Metropolitan Toronto. It is apparent from the affidavits filed on behalf of the respondent that it has conducted an extensive on premises and off premises catering service especially from 1962 forward to the present time.

In 1966 and 1967 it served approximately 17,500 meals to customers on its premises in each of those years and in each of those years it also catered to approximately 300 functions on its premises.

Again in those two years it catered to 325 and 328 functions off its premises.

From 1962 it catered to a number of organizations such as service clubs, professional organizations and the like on its own premises and in a location at a shopping centre in the City of Toronto at weekly or monthly luncheon or dinner meetings of those organizations.

On two occasions it catered to large functions at the plant of a leading manufacturer of farm machinery in Brantford, Ontario, and it also conducted a barbecue at an entertainment of a large number of persons by the same manufacturer at its farm at Milliken, Ontario.

It catered to functions in Brampton and New Toronto, Ontario, both of which are in reasonably close proximity to the City of Toronto on one occasion at each of these places and on three occasions to the staff of a resort camp near the Town of Parry Sound, Ontario.

In 1962 it catered to a Bar Mitzvah in North Bay, Ontario, and in 1966 to the silver wedding anniversary of this same customer also held in North Bay.

In my opinion this evidence does not establish that the respondent's mark has become known as identifying its wares and services throughout the Province of Ontario. It does not follow from the fact that on three occasions the respondent catered to functions of the manufacturer mentioned above that the respondent's mark became known to the public generally in Brantford or at Milliken because the parties there were essentially private ones. It only

shows that the respondent's services were known to the officials of the manufacturer responsible for arranging the affairs.

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I do not consider that this evidence of these isolated and sporadic uses establishes that the respondent's trade mark has become known generally to the public as at August 30, 1967, in those places.

As I have intimated above, I am satisfied from the evidence that the respondent's mark has become well known in the municipality of Metropolitan Toronto. The evidence of two other isolated instances of the respondent catering to functions in Brampton and New Toronto which are in the immediate area of Metropolitan Toronto do not justify me in concluding that the respondent's mark has become known beyond the municipal boundaries of Metropolitan Toronto.

Even if this evidence could be construed as establishing that the respondent's trade mark had become well known in the places mentioned (which I do not think it does) nevertheless it does not identify a geographic area with any degree of precision which would admit of a definition of boundaries.

I am satisfied, on the evidence, that the trade mark "Penthouse" has become "distinctive" in the territorial area of the municipality of Metropolitan Toronto in that it "actually distinguishes the wares or services in association with which it is used" by the respondent in that area as at the date of the institution of these proceedings.

The question then arises whether a mark is "distinctive" within section 18(1)(b) as the word "distinctive" is defined in section 2(f). It will be recalled that in section 2(f) "distinctive" in relation to a trade mark means a trade mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares and services of others. Must that definition of "distinctive" be interpreted as meaning that the trade

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mark must actually distinguish the wares and services of its owner from the wares or services of all others in Canada, or is a trade mark distinctive within the meaning of that definition if it actually distinguishes the wares of its owner from those of others in a very limited area in Canada as, in the present instance, the territorial area of the municipality of Metropolitan Toronto.

I think that a trade mark is distinctive within the meaning of the definition of distinctive in section 2(f) if the mark actually distinguishes the wares and services of its owner from the wares or services of others in a particular restricted area of Canada.

In reaching this conclusion I am influenced by section 31(2) of the *Trade Marks Act* which authorizes the Registrar of Trade Marks to restrict the registration of a trade mark to the wares or services in association with which the trade mark is shown, by evidence furnished to the Registrar under subsection (1) of section 32, to have been so used as to have become distinctive and also authorizes the Registrar to restrict the registration to the defined territorial area in Canada in which the trade mark is shown thus to have become distinctive.

It follows irrefutably therefrom that a trade mark is distinctive if it actually distinguishes the wares or services of its owner from those of others in a restricted area of Canada and need not distinguish those wares throughout Canada or from those of all other persons in Canada.

Accordingly the applicant's submission that the trade mark "Penthouse" is not distinctive as at the date of the commencement of those proceedings must fail.

In the result it follows that the applicant's notice of motion is dismissed with costs.