

BETWEEN:

CATHAY RESTAURANTS LIMITED PLAINTIFF;

AND

KAI CHIN DEFENDANT.

Ottawa
1966

Oct. 25

Nov. 7

Trade marks—Trade Marks Act, S. of C. 1952-53, c. 49, ss. 12(1)(2), 18(2), 31—Injunction restraining defendant from infringing registered trade mark and also passing-off—Counterclaim to expunge plaintiff's registered trade mark "Cathay House"—Prior use—Action dismissed and counterclaim upheld and trade mark "Cathay House" expunged.

In a case stated for the trial of an action for infringement and a counterclaim for expungement of the registration of the trade mark "Cathay House", which had been registered by the plaintiff in respect of several items of food and in respect of the service of food and alcoholic beverages, it was agreed that if the trade mark was at the date of its registration either clearly descriptive or deceptively misdescriptive of the character or quality of the wares and services in association with which it was used by the plaintiff or of the conditions of or the persons employed in their production or of their place of origin, the registration should be expunged. The case also stated that the plaintiff used the trade mark in association with food of a kind known generally to the public as Chinese food sold by the plaintiff on a take out basis and in association with the service of food and beverages served in a restaurant decorated in a Chinese motif and operated by persons of Chinese origin.

No attempt was made to justify the registration under provisions of the Trade Marks Act permitting registration of a descriptive trade mark on proof of such use of it by the applicant as to have caused it to become distinctive.

Held, that the trade mark "Cathay House" was clearly descriptive of the Chinese character of the food and services in association with which it was used and that its registration should be expunged.

ACTION for infringement of trade mark.

W. G. Burke-Robertson, Q.C. for appellant.

Robert C. McLaughlin, for respondent.

THURLOW J.:—In this action the plaintiff claims an injunction and other relief in respect of alleged infringement of its registered trade mark CATHAY HOUSE and in respect of alleged passing-off by reason of the defendant's use in its business of the trade mark CATHAY CAFE. The defendant besides denying that his use of the mark CATHAY CAFE constitutes infringement or passing off challenges the validity of the plaintiff's registration of the mark CATHAY HOUSE and by counterclaim asks that it be expunged.

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The action and counterclaim came to trial on a case stated by consent in the following terms:

The Plaintiff and the Defendant hereby agree that:

1. The Plaintiff registered the trade mark "CATHAY HOUSE" on the 24th day of December, 1958, as No. 112679 as applied to the sale of meats, vegetables, including bean sprouts, fish including shell fish, poultry, pastry and noodles and the service of food in restaurants. On the 19th day of June, 1959, the statement of services in the above described registration was amended to include serving of alcoholic beverages of all kinds.

2. The Defendant has carried on a restaurant business under the name "CATHAY CAFE" at premises known as 505 Princess Street, in the City of Kingston, in the Province of Ontario, since the month of November, 1959, and sells substantially the same wares and provides substantially the same services as the Plaintiff.

3. The Plaintiff has since the date of the registration of its trade mark, "CATHAY HOUSE", continually used the said trade mark in association with its wares and services and has applied the said trade mark to its wares and services.

4. The Plaintiff carries on a restaurant business and food take-out service at 228 Albert Street, in the City of Ottawa, and Province of Ontario. The majority of the foods served in the restaurant and sold on a take-out basis to which the trade mark "CATHAY HOUSE" is applied, are of a kind generally known to the public as Chinese food. The aforesaid restaurant is decorated in a Chinese motif and operated by persons of Chinese origin.

The questions for the opinion of the Court are:

1. Whether the trade mark, "CATHAY HOUSE", was at the date of its registration either clearly descriptive or deceptively misdescriptive of the character or quality of the wares and services in association with which it was used by the Plaintiff or of the conditions of or the persons employed in their production or of their place of origin;

2. Whether the use of the trade mark, "CATHAY CAFE" and the use of the trade mark "CATHAY HOUSE", in the same area would be likely to lead to the inference that the wares or services associated with such trade marks are sold or performed by the same person.

If the Court should answer Question 1 in the affirmative, Counsel agree that the entry in the Trade Marks Register maintained pursuant to the Trade Marks Act and relative to the registration by the Plaintiff of the trade mark, "CATHAY HOUSE", registered September 24, 1958 as No. 112679, be expunged.

If the Court should answer Question 1 in the negative and Question 2 in the affirmative, Counsel hereby consent to judgment being given declaring:

(a) An injunction restraining the Defendant, his servants and agents from infringing the Plaintiff's registered trade mark as above set forth, and from selling or offering or exposing or

advertising services, or procuring to be sold or distributed food products under the name CATHAY HOUSE or as presently used by the Defendant, CATHAY CAFE, or under any other word or name which, by reason of colourable resemblance to the Plaintiff's trade mark, is likely to cause confusion, or is likely to lead to the inference that the said services incorporate the wares or services of the Plaintiff, and from in any other manner or passing off or enabling and assisting others to pass off services and food products not being the Plaintiff's products, as and for the services and products of the plaintiff;

(b) An injunction restraining the Defendant from further use of the name, "CATHAY CAFE", in connection with the business carried on by the Defendant;

(c) An injunction restraining the Defendant from directing public attention to his wares and services in such a way as to cause or be likely to cause confusion in Canada between his wares and services and the services and wares of the Plaintiff and in particular from using the word "CATHAY" in association with any of his wares and services.

The parties have concurred in stating in the form of a special case the above question of law for the opinion of the Court herein.

Several other matters which were stated in the course of argument were:

- (a) that the parties were in agreement that both marks were well-known in their respective municipal areas;
- (b) that the plaintiff's registration of the trade mark CATHAY HOUSE was secured on the basis of it being registrable under section 12(1) of the *Trade Marks Act*¹ and not under sections 12(2) and 31 on proof that it had been so used in Canada as to have become distinctive at the date of the application for its registration; and
- (c) that any claims for relief beyond that defined in the case were abandoned.

It was conceded in the course of argument that if the answer to the first question should be in the affirmative the action would fail and the counterclaim succeed and that it would in that event be unnecessary to answer question 2. It was also conceded on question 1 that it was essential to the plaintiff's case that there be no identity in the public mind between the word CATHAY and the

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name CHINA and that if any identity between CHINA and CATHAY exists in the minds of the public at large the answer to the question should be in the affirmative. The plaintiff's case as put was thus rested entirely on the submission that no such identity exists. Assuming the existence of such an identity, it is therefore also unnecessary to deal with the question whether the mark CATHAY HOUSE is clearly descriptive of the character or quality of the wares and services in association with which it is used by the plaintiff or of the conditions of or the persons employed in their production or of their place of origin.

Turning then to the meaning, if any, of the word CATHAY in the expression CATHAY HOUSE the first impression that it makes on my mind is that it connotes an oriental land or place or something characteristic of such a land or place as opposed to anything else that might be conceivable, such as any physical object, and the second impression is that that land or place is China. No evidence was given as to what the word might mean to any other member of the public but counsel in the course of argument referred to a number of dictionaries and other works, including *The Shorter Oxford Dictionary*, *The Concise Oxford Dictionary*, *The Oxford Dictionary of English Etymology*, the *Encyclopedia Britannica*, *Webster's Third International Dictionary* and *Larousse du XX^e Siècle*. The word CATHAY does not appear in *The Shorter Oxford Dictionary*. It does, however, appear in the others where the following meanings are given:

The Concise Oxford Dictionary, Fifth Edition, 1964:

CATHAY—(Arch. & poet. for) China. (f. med. L. Cat(h)ania, f. Kitah, race name).

The Oxford Dictionary of English Etymology 1966:

CATHAY—(Northern) China. ... Kitai, name of the inhabitants (still the Russ. name for China), f. name of the alien dynasty Khitan. Hence Cathayan Chinese,...

Encyclopedia Britannica, Volume 5, 1954:

CATHAY—the name by which China became known to mediaeval Europe...

Webster's Third New International Dictionary 1961:

CATHAY—(Cathay China, fr. ML Cataya, Kitai, of Turkic origin; akin to Kazan Tatar Kytai China...)

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Larousse du XX^e Siècle 1929:

CATHAY—ou Catay (le), nom donné à la Chine, depuis Marco Polo, par les auteurs occidentaux du moyen âge. Dans le *Roland furieux* de l'Arioste, la belle Angélique est une princesse du Cathay.

The following meaning is also given in Funk and Wagnall's *New Standard Dictionary of the English Language* (1963)

CATHAY—...n (Poet.) China.

To my mind the significant fact which emerges from these references is that though the usage of the word is said to be archaic and poetic the meaning of it as given in all of them is China.

The plaintiff submitted that the word CATHAY has no meaning today but I do not think that can be taken as a fact where the word undoubtedly has an ancient meaning and is used with that meaning in poetic works. Since it is the ancient name of China it must, I think, be taken as meaning China in the minds of the public at large. In a trade mark it thus connotes something more than other kinds of expressions which, even if suggestive of oriental character, have no meaning whatever, whether ancient or modern in either the English or the French language. In the trade mark CATHAY HOUSE, as applied to a restaurant and to the Chinese food sold or served there, it appears to me to proclaim and describe the Chinese character of the establishment and to be clearly descriptive of the Chinese character of the food and services in association with which it is used.

I am accordingly of the opinion that the answer to the first of the questions posed in the stated case should be in the affirmative. I should not, however, part with this part of the case without observing that while the result is that the trade mark was not registrable in respect of such wares or services except under section 12(2) of the *Trade*

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Marks Act and then only to the extent provided for in section 31, it was, and may yet be, open to the plaintiff to obtain a valid registration of the mark to the extent provided by these sections on proof that it had been so used by the plaintiff as to have become distinctive. The present registration might also have been maintainable in the present action either in whole or in part or as to some less extensive area than the whole of Canada under section 18(2) of the Act but no attempt was made to justify the registration under these provisions and the matter appears to me to be concluded against the plaintiff by the agreement stating the case which specifically provides for expungement of the registration as the consequence of the answer which I have given to question number 1.

I may add with respect to question 2 that if it be assumed that CATHAY HOUSE at the date of its registration either (a) was inherently distinctive; or (b) had been so used in Canada by the plaintiff as to have become distinctive, I should have thought that the use by another of the mark CATHAY CAFE in the same area in association with substantially the same wares and services would be likely to lead to the inference that the wares or services associated with such trade marks were sold or performed by the same person and that that question should therefore be answered in the affirmative.

The action will be dismissed and on the counterclaim an order will go expunging the plaintiff's registration in the Register of Trade Marks under number 112679 of the Trade Mark CATHAY HOUSE. The defendant will have his costs of the action and counterclaim.