

Federal Court



Cour fédérale

**Date: 20190412**

**Docket: T-1760-18**

**Citation: 2019 FC 458**

**Ottawa, Ontario, April 12, 2019**

**PRESENT: The Honourable Mr. Justice Phelan**

**BETWEEN:**

**C.W. PARSONS LTD.**

**Applicant**

**and**

**PARSONS PAVING LTD.**

**Respondent**

**JUDGMENT AND REASONS**

**I. Introduction**

[1] This is an application claiming passing off by the Respondent under subsections 7(b), (c) and (d) of the *Trade-marks Act*, RSC 1985, c T-13 [Act]. This is a dispute between brothers to use their family name in association with paving services particularly on the Avalon Peninsula of Newfoundland and Labrador. There is some urgency to resolve this matter before the commencement of the 2019 paving season.

[2] The application will be dismissed because of the insufficiency of evidence. The Applicant has only established a mere possibility of confusion and has failed to show damages, actual or potential.

## II. Background

### A. *The Parties*

[3] The Applicant, C.W. Parsons Ltd., was incorporated in 2001. It is owned by Charlie Parsons Jr. and his father, Charlie Parsons Sr.

[4] The Respondent, Parsons Paving Ltd., was incorporated in May 2018, and is owned by Neil and Leona Parsons. Neil Parsons is the brother of Charlie Parsons Jr. and the son of Charlie Parsons Sr. Prior to incorporation, Neil Parsons operated an unincorporated business known as S & L Enterprises or S & L Paving.

[5] Both parties offer residential and commercial paving and other construction services in the Avalon Peninsula and both are based in the Town of Paradise.

[6] The Applicant has offered a variety of construction services since its incorporation in 2001. In approximately 2010, the Applicant started paving at a larger scale than previously.

[7] It operated this aspect of its business using the wordmark “CW Parsons Paving” and the design logo [Logo] below developed in 2010 (the wordmark and logo are referred to as the “Marks”).



B. *Use of the Applicant's Marks*

[8] The Applicant claims to have used its Marks in the following ways:

- a) On a website since November 2010 with the domain name “cwparsonspaving.com”. On the website, the Logo with the phrase “CW Parsons Paving” appears to the right of a design mark that is identical to the Logo except the word “Paving” is replaced with “Limited”.
- b) The Logo on outdoor signage, vehicles, equipment, buildings and storage facilities since 2010.
- c) In the online and print Yellow Pages using the Marks where it has received a 4.5 out of 5 rating online. The details of this rating system were not established.
- d) On apparel (swag) such as hats, pens, etc.
- e) In advertising on flyers, in the Royal Newfoundland Constabulary [RNC] Safety Book, in St. John's Regatta booklets, on the boards of a local hockey rink, and on business cards.

[9] The Applicant contended that this use resulted in recognition of the Mark in the minds of the public. It won a Consumer Choice Award for two years in the field of paving contractors. However, the award certificates identified C.W. Parsons Limited or Ltd as the winner, although “C.W. Parsons Paving” is listed as the winner on the Consumer Choice Award website.

[10] The wordmark “C.W. Parsons Paving” was sometimes displayed with the corporate name C.W. Parsons Limited and was sometimes used on its own.

[11] There was a significant gap in the evidence provided by the Applicant regarding details of use and acknowledgement from the consumer market of the Marks. For example, there was no evidence from direct customers or the usual evidence of invoices and bills used for paving services.

[12] The Applicant’s explanation that such evidence from clients is difficult to obtain does not excuse a lack of evidence, particularly evidence within the influence or control of the party.

*C. Use of Respondent’s Business Name*

[13] For 25 years, Neil Parsons operated his construction business under the name of “S & L Enterprises” or “S & L Paving”. He has offered residential and commercial paving services for seven or eight years.

[14] Neil Parsons wanted to get into larger contracts for paving services particularly for provincial and municipal governments. It was his view that incorporation was either necessary or desirable to qualify for these types of contracts.

[15] From 2017 to 2018, he began the incorporation process by attempting to reserve a corporate name with the provincial Registry of Companies. Various names such as S & L Enterprises Ltd., Parsons Construction Limited or Parsons Contracting Limited were not available.

[16] There were 116 corporations listed in the Provincial Registry that contain “Parsons” in their name – some of which appear to be contracting or construction companies.

[17] On May 7, 2018, the Registrar accepted the name Parsons Paving Ltd.

[18] The Respondent primarily uses the name “Parsons Paving” in signage, in the Yellow Pages and for other contact information but uses “Parsons Paving Ltd.” on its website, business cards and on job/employment postings.

[19] Following the incorporation of Parsons Paving Ltd., the Applicant filed a trademark application for CW Parsons Paving and its logo. The Respondent says that it will oppose that application when it is given public notice.

[20] Neil Parsons claims that he has never seen the name C.W. Parsons Paving. He acknowledges that he was fully aware of C.W. Parsons Limited and had in fact worked there. His explanation, while initially hard to accept in these circumstances, has some plausibility to it. The explanation is that he thought that the decals on equipment read “C.W. Parsons Limited” and where “C.W. Parsons Paving” appeared, he had not noticed that “Paving” had been substituted for “Limited”.

D. *Evidence of Confusion*

[21] Aside from some evidence of misdirected e-mails to the Applicant from people in the employment context and one piece of provincial tendering mail sent to the wrong address, the Applicant has not produced any evidence of confusion from customers or potential purchasers of paving services. The senders of the e-mails and mail did not file affidavits so nothing is known about the circumstances referred to by the Applicant.

[22] Charlie Parsons filed an affidavit in which he alleged that some customers told him they were confused but again no affidavits were filed from any of these individuals. Charlie Parsons’ affidavit is replete with hearsay for which no exception to the hearsay rule was sought.

[23] On the other hand, Neil Parsons filed an affidavit as to his direct knowledge that the Applicant has never applied or been awarded a contract under “C.W. Parsons Paving”. He is unaware of any confusion amongst customers or potential customers.

[24] His affidavit evidence was supported by four other affidavits attesting to the fact that the public would not be confused between the two names. One affiant was from the provincial government involved in the tendering process who had never seen the Applicant's Marks or heard of "C.W. Parsons Paving". Similar evidence came from the senior buyer for the City of St. John's.

[25] The two other witnesses were suppliers rather than customers of the two parties, but they were similarly consistent about non-confusion and not seeing vehicles or equipment marked "C.W. Parsons Paving".

### III. Legislation

[26] The key provisions of the Act:

**7** No person shall

...

**(b)** direct public attention to his goods, 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 goods, services or business and the goods, services or business of another;

**(c)** pass off other goods or services as and for those ordered or requested; or

**(d)** make use, in association

**7** Nul ne peut :

[...]

**b)** appeler l'attention du public sur ses produits, ses services ou son entreprise de manière à causer ou à vraisemblablement causer de la confusion au Canada, lorsqu'il a commencé à y appeler ainsi l'attention, entre ses produits, ses services ou son entreprise et ceux d'un autre;

**c)** faire passer d'autres produits ou services pour ceux qui sont commandés ou demandés;

**d)** employer, en liaison avec

with goods or services, of any description that is false in a material respect and likely to mislead the public as to

(i) the character, quality, quantity or composition,

(ii) the geographical origin, or

(iii) the mode of the manufacture, production or performance

of the goods or services.

des produits ou services, une désignation qui est fautive sous un rapport essentiel et de nature à tromper le public en ce qui regarde :

(i) soit leurs caractéristiques, leur qualité, quantité ou composition,

(ii) soit leur origine géographique,

(iii) soit leur mode de fabrication, de production ou d'exécution.

#### IV. Issues

[27] The critical issues to be addressed are:

- a) Has the Applicant established distinctiveness and goodwill in "C.W. Parsons Paving"?
- b) Has the Applicant established a reasonable likelihood of confusion in respect of the Respondent's corporate name?
- c) Has the Applicant shown actual or potential damages flowing from the Respondent's corporate name?

#### V. Analysis

[28] While the Applicant pleaded passing off under subsections 7(b), (c) and (d), the parties focused the dispute on subsection 7(b).



[29] The test for passing off under subsection 7(b) (as it is at common law) is the existence of goodwill; deception of the public due to misrepresentation; actual or potential damage to the trademark holder (see *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2016 FCA 69 at para 20, 264 ACWS (3d) 478).

[30] Subsection 7(b) is similar to the common law test for passing off but requires a claimant to establish that it has an enforceable valid trademark within the meaning of the Act as held in *Diageo Canada Inc v Heaven Hill Distilleries, Inc*, 2017 FC 571 at para 67, 147 CPR (4th) 425 [*Diageo*], citing the Federal Court of Appeal in *Kirkbi AG v Ritvik Holdings Inc*, 2003 FCA 297 at para 38, [2004] 2 FC 241.

[31] Subsection 7(c) codifies the common law action of “passing off” by substitution in that a defendant is liable if it fulfills an order for the plaintiff’s goods by supplying the defendant’s or another person’s goods. On the facts of this case, there is nothing to address.

[32] Subsection 7(d) protects the public from material false representations likely to mislead the public. There are no facts established relevant to this provision.

A. *Distinctiveness and Goodwill*

[33] The analysis of distinctiveness and goodwill are somewhat repetitive and in this case one flows easily into the other. Although distinctiveness is not synonymous with goodwill, acquired distinctiveness is one of many possible indicators of goodwill (*Venngo Inc v Concierge Connection Inc*, 2017 FCA 96 at para 54, 146 CPR (4th) 182 [*Venngo*]).

[34] For the Applicant to succeed in enforcing its Marks, it must establish that its Marks are distinctive. As held in *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 75, [2006] 1 SCR 772 [*Mattel*], distinctiveness is the cardinal requirement of a trademark.

[35] In respect of distinctiveness, the Respondent argues that there is no inherent distinctiveness in the phrase “Parsons Paving” nor has the Applicant shown that its Marks have acquired distinctiveness.

[36] In my view, the Applicant has shown that its Logo and wordmark are distinctive enough to be enforceable. It is necessary to examine the Logo and wordmark separately.

[37] The Logo is clearly an inherently distinctive design mark. The Logo has been associated with the Applicant’s services since 2010. It has been shown on equipment, work apparel, on its website and in advertising prior to 2018.

[38] The Logo as a whole consists of a specific combination of red and black, a sideways red and black U shape or description of the Applicant’s wares with the words “C.W. Parsons Paving” inserted in the logo.

[39] The use of the logo on the Applicant’s equipment alone would effectively distinguish the Applicant’s services. Therefore, the Logo is distinctive and a valid enforceable trademark.

[40] The Applicant's wordmark has little inherent distinctiveness as the combination of a personal name and a descriptive word. However, the Applicant has acquired some distinctiveness through the use of its wordmark separate from the Logo in association with its services as shown on its website, for example.

[41] In addition, the Consumer Choice Award won by the Applicant refers to it as "C.W. Parsons Paving". The Applicant has, somewhat analogous to *Canadian Council of Professional Engineers v Kelly Properties Inc*, 2010 TMOB 224, 89 CPR (4th) 401, aff'd 2013 FCA 287, shown that the wordmark has acquired some distinctiveness through its advertising, website, vehicle decals and on its building.

[42] On balance, the Applicant has established that its Marks are sufficiently distinctive to be enforceable. However, its wordmark has only acquired weak distinctiveness.

[43] In respect of goodwill, the evidentiary record is weak and the amount of goodwill difficult to assess. However, through such evidence as advertising, awards and the Yellow Pages, there is some evidence of goodwill which the Respondent has not been able to rebut. The absence of such usual evidence as sales information and the affidavits of the Respondent's four affiants show that the goodwill is weak.

B. *Confusion*

[44] Considering all the surrounding circumstances including the factors in subsection 6(5) of the Act, I have concluded that the Applicant has not established a likelihood of confusion, but only a mere possibility of confusion.

[45] As held in *Venngo* at para 78, the test for the second element of passing off, where there is not intentional deception, is whether there is a likelihood of confusion between the marks at issue under subsection 6(5) of the Act. Reasonable likelihood of confusion, where the mark includes the family name, includes a consideration of whether the adoption of the name was ill intended to increase the risk of confusion – to drive business to the alleged familial infringer (see e.g. *Edward Chapman Ladies' Shop Ltd v Edward Chapman Ltd*, 2006 BCSC 14 at para 67, 145 ACWS (3d) 956).

[46] On this issue I am satisfied that Neil Parsons wanted to, legitimately, associate his name with the paving services he had done and to expand on that business. The timing of the Applicant's trademark application is more indicative of a reactionary strike on the Respondent following its corporate registration than a natural development of the Applicant's own use of the Marks.

[47] The standard test for confusion, as held in *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 40, [2011] 2 SCR 387 [*Masterpiece*], is from the point of view of the "hurried

consumer”. Consideration must be given to the nature of the goods and services at issue which impact the assessment of that type of consumer’s behaviour.

[48] The purchase of paving services is not like the purchase of a chocolate bar at a convenience store. The higher the price as well as the nature of the goods and services suggest a more thoughtful reflection on the provider than in a quick consumer transaction, resulting in less likelihood of inadvertent confusion. However, the test still remains one of first impression (*Masterpiece* at para 67).

(1) Degree of Resemblance

[49] There is unquestionably a degree of resemblance between the Applicant’s Marks and the Respondent’s trade name as there is, to varying degrees, in the other 116 “Parsons” companies listed in the Newfoundland Registry; some of whom appear to be in the construction business.

[50] The principal exposure of the public to the Applicant’s Marks is through its Logo rather than the wordmark. While there is some similarity between the colours used by each party, they are not the same. The Respondent does not use any consistent logo or design mark. As a whole there is a low degree of resemblance between the Logo and the Respondent’s name as displayed.

[51] A family name is not itself distinctive. The name in this case is one of the most prominent display features. Both use a descriptive word – paving. The important distinction is the prominent use of initials in the Applicant’s Marks. As confirmed by the Federal Court of Appeal

in *Venngo* at para 46, the Court can put less weight on the dominance of non-distinctive terms when assessing the degree of resemblance between the marks.

[52] It is instructive that there is no evidence of confusion between the other Parsons companies listed in Newfoundland and Labrador. Given the acknowledged commonality of the name Parsons in the province and on the Avalon Peninsula, the absence of confusion suggests that the consumer in the area seems to have been able to sort out the possible confusion which a non-resident might have.

The Federal Court of Appeal in *Polo Ralph Lauren Corp v United States Polo Assn* (2000), 9 CPR (4th) 51 at para 23, 286 NR 282 (FCA), recognized this ability to differentiate suggested similarities when it stated:

... evidence has been accepted in other cases to mitigate the significance of resemblance under subsection 6(5)(e) on the basis that wide-spread use must infer that the market place is able to distinguish between the competing marks.

(2) Inherent or Acquired Distinctiveness

[53] Distinctiveness has been discussed above but the analysis of this factor under paragraph 6(5)(a) focuses on the relative degree of distinctiveness of the marks rather than the earlier analysis of whether the Applicant's Marks meet the threshold of distinctiveness in order to be enforceable.

[54] The phrase "C.W. Parsons Paving" has little inherent distinctiveness due to the fact that it is a name in combination with a description of the associated service. As held in *CIBC World Markets Inc v Stenner*, 2010 FC 397 at paras 43-44, 366 FTR 189, a personal name must acquire

distinctiveness. The Applicant's Marks are not registered and therefore the Applicant does not enjoy the presumption of validity.

[55] Given the commonness of the name Parsons, any protection is narrow. The burden is on the Applicant to show that there is likelihood of confusion especially given the narrow protection afforded "C.W. Parsons Paving", which it has not done.

[56] As described above, the Applicant has not shown that the Marks acquired a significant level of distinctiveness with the public. Although the Marks have been used in advertising since 2010, there is little evidence of sales or other evidence to show customer recognition of the Marks, and specifically the wordmark "C.W. Parsons Paving".

[57] For similar reasons, the Respondent's name "Parsons Paving" or "Parsons Paving Limited" has little inherent distinctiveness. As the Respondent has only adopted its name in May 2018, there is no evidence that its name has acquired distinctiveness.

(3) Time of Use

[58] This factor would usually favour the Applicant since it has been using the Marks since 2010. However, given the little distinctiveness acquired over an eight year period, this is not a strong factor for the Applicant.

(4) Nature of Goods and Services and Nature of the Trade

[59] These factors favour confusion. While the impact of the commonality of the surname is considerably lessened by the distinction of the initials “C.W.”, the services – paving – are common to both.

[60] While the Respondent’s primary customers are government and industrial clients, it is not restricted to that customer profile and it advertises residential services. As held in *Ciba-Geigy Canada Ltd v Apotex Inc*, [1992] 3 SCR 120 at 134, 139-141, 95 DLR (4th) 385, the Court must consider all the persons who may be affected by the goods or services.

[61] As described above, the profile of the customer is relevant and in this case they are less likely to act hurriedly or instinctively. However, the question is whether such customers confronting the names initially would be confused (*Masterpiece* at para 67). While the test is one of “first impression”, if the consumer is likely to be alerted to a difference, the likelihood of confusion is lessened.

(5) Actual Confusion

[62] Evidence of actual confusion can be a surrounding circumstance considered by the Court when determining the likelihood of confusion.

[63] The Court has previously commented on the weakness of the Applicant’s evidence. Charlie Parsons was even unable to give the names of the allegedly confused customers.



[64] While the Respondent's evidence of lack of confusion has some frailties, particularly as the affiants were not likely to be influenced by trademarks given the nature of their jobs, the Respondent does not bear the burden of proof.

[65] As held in *Mattel* at para 55, the Court can draw an adverse inference from a lack of actual confusion in circumstances where evidence of actual confusion would be expected. In the present circumstances the persons allegedly confused were known to the Applicant but the Applicant only advanced inadmissible hearsay to support the allegation.

[66] I draw an adverse inference from the failure to produce that evidence, which contributes to my finding that there is not a likelihood of confusion between the marks.

(6) Other Circumstances

[67] The Court has previously addressed and rejected the alleged *male fides* of the Respondent in its name selection.

(7) Overall

[68] Having weighed the various factors, I conclude that while there is a possibility of confusion, this is not a likelihood of confusion on a balance of probabilities.

C. *Actual or Potential Damages*

[69] Further and separately from the “likelihood of confusion” analysis, the Court also finds that the Applicant has failed to provide sufficient evidence of actual or potential damage as a result of any such confusion between the parties’ services.

[70] Reliance on the Federal Court’s decision in *Diageo* that a court can presume a likelihood of damages flowing from a likelihood of confusion is misplaced. Firstly the case is distinguishable on its facts in that that court had reliable information which supported potential damage to reputation and goodwill. Secondly and importantly, the Federal Court in *Pharmacommunications Holdings Inc v Avencia International Inc*, 2008 FC 828 at paras 43-44, 168 ACWS (3d) 891, held that a court cannot make this type of presumption of damages from merely a likelihood of confusion.

[71] The deficiencies in the Applicant’s evidence discussed earlier are highlighted here. The evidence from government witnesses is that they would not be confused, leaving only private consumers at risk.

[72] The Applicant provided no evidence from this segment of market as to likelihood of confusion and resulting damage. As discussed earlier, the Applicant provided no admissible evidence from those allegedly confused and provided no evidence from its own records of the nature and size of the business said to be at issue that could be affected or damaged.

[73] Therefore, the Applicant has not established this issue.

VI. Conclusion

[74] For all these reasons, this application will be dismissed with party and party costs based on Column 5 of the Tariff B plus all reasonable disbursements.

**JUDGMENT in T-1760-18**

**THIS COURT'S JUDGMENT is that** the application is dismissed with party and party costs based on Column 5 of the Federal Court's Tariff B plus all reasonable disbursements.

"Michael L. Phelan"

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Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-1760-18

**STYLE OF CAUSE:** C.W. PARSONS LTD. v PARSONS PAVING LTD.

**PLACE OF HEARING:** ST. JOHN'S, NEWFOUNDLAND AND LABRADOR

**DATE OF HEARING:** MARCH 25, 2019

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**DATED:** APRIL 12, 2019

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