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Federal Court of Canada
Trial Division

Section de première instance de
la Cour fédérale du Canada

Date: 20010112

Docket: T-2285-00

BETWEEN:

VULCAN NORTHWEST INC. and
VULCAN VENTURES INC.

Plaintiffs

- and -

VULCAN VENTURES CORP.

Defendant

REASONS FOR ORDER

DUBÉ J.

[1] The plaintiffs are two substantial Washington State companies owned by the well-known entrepreneur billionnaire Paul Allen. They have a significant profile in high technology, multi-media and investments throughout North America. The defendant is a penny stock mining exploration company trading on the Canadian Venture Exchange (formerly Vancouver Stock Exchange). It traded under the name of Huntington Resources until October 5, 1999, when it changed its corporate and trading name to Vulcan Ventures Corp.

[2] The plaintiffs seek an interlocutory injunction restraining the defendant from representing itself in association with the "VULCAN VENTURES" name on the ground that it infringes the plaintiffs' trade-name "VULCAN VENTURES".

1. <u>The Plaintiffs' Submissions</u>

(a) <u>Serious Question to be Tried</u>

[3] The plaintiffs submit that, although they are not engaged in mining exploration as the defendant professes to be, there is a clear likelihood of confusion arising from the defendant's adoption of the trade-name in question due to the plaintiffs' extremely diverse range of business activities and due to the goodwill of the their name "VULCAN VENTURES" in the investing and trading industry. The name "VULCAN VENTURES" has grown in association with the plaintiffs and their owner Paul Allen. The defendant is a publicly traded company and the profile of the name "VULCAN VENTURES" is particularly strong in investment circles. This clearly constitutes passing off.

[4] The potential for confusion is obvious and there is concrete evidence of it in the form of news articles linking the defendant to the plaintiffs' enterprises. The evidence satisfies the elements of passing off, namely the existence of goodwill, the deception of the public and actual or potential damage to the plaintiffs, contrary to subsection 7(b) and (c) of the *Trade-marks Act* (the "Act")[1].

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[1] R.S., 1985, c. T-13.

[5] The fact that the parties may not directly compete does not prevent a finding of passing off. If there is an established association with a name, a defendant who begins using a confusingly similar name in a way that would come to the attention of, and confuse, the plaintiff's clientele, whether deliberate or not, it is sufficient to establish passing off[2]. Actual confusion need not be proved if it can be shown there is a probability of confusion when the names in issue are similar. However, actual evidence of incidents showing confusion is a strong indicator that the confusion test is met[3].

(b) Irreparable Harm

[6] In the case at bar, the nature of the confusion is such that it is impossible to track or to gauge the degree of its impact. Whether persons mistakenly believe that the defendant company has some connection to the plaintiffs, or to Mr. Allen himself, and blame their disappointing investment upon the plaintiffs, or whether someone mistakenly thinks the plaintiffs have moved from multi-million dollar cutting-edge investments to penny stocks, there is a negative impact upon the goodwill of the plaintiffs. The credibility of the name "VULCAN VENTURES" is a critical asset which is being eroded by the passing off created by the defendant.

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[2] *Orkin Exterminating Co. Inc. v. Pestco Co. of Canada Ltd.* (1985) 5 C.P.R. (3d) 433 (Ont. C.A.); *Sunnyside Shopping Plaza Ltd. v. Sunnyside Transmission Ltd.* (1980), 60 C.P.R. (2d) 177 (T.D.) and *Mountain Shadows Resort Ltd. v. Pemsall Enterprises Ltd.* (1973), 40 D.L.R. (3d) 241 (B.C.S.C.).

[3] *U.S. Playing Card Co. v. Hurst* (1919), 58 S.C.R. 603 (S.C.C.)

(c) Balance of Convenience

[7] Ot the other hand, the defendant's goodwill is minimal or non-existent. Its original name was Huntington Resources and its adoption of the new name goes back only to late 1999. The plaintiffs' goodwill was attached to the name Vulcan Ventures and was established prior to that. Granting an interlocutory injunction until trial would impose much less inconvenience upon the defendant for which it would be compensated if successful at trial.

2. The Defendant's Submissions

(1) Serious Question to be Tried

[8] In the defendant's view, the case if frivolous. The plaintiffs carry on business as venture capitalists and deal exclusively with sophisticated and knowledgeable professionals, investment bankers, brokerages, senior businessmen and management executives who know the plaintiffs do not list their companies on the Canadian Venture Exchange.

[9] The defendant came upon the name because it describes both the nature of its business (Vulcan) and the public exchange on which it trades (Canadian Ventures Exchange). The defendant has not held itself out to be anything other than a mineral exploration company. Its business interest and those of the plaintiffs are so completely different that it would be all but impossible for a member of the investment community or industry professionals to be confused.

(a) Irreparable Harm

[10] The plaintiffs have never shown any interest in the natural resource sector, much less the mineral exploration business, and the defendant's use of the name will obviously not cause the plaintiffs any harm. The plaintiffs invest in acquiring other companies. They do not have a retail or wholesale trade in the conventional sense. Its client base of knowledgeable professionals will not be affected by the defendant's name as there cannot possibly be any confusion.

(b) Balance of Convenience

[11] The balance of convenience favours the defendant. To grant an injunction will force the defendant to change its name again. Even though it could later be successful at trial it would be a further hardship to recapture the name and meanwhile it would confuse its shareholders and alienate and frustrate the investment community.

[12] The defendant has just completed a reorganization in which it consolidated its stock on a 5:1 basis, thus a second name change at this juncture will only serve to cause confusion and prompt investors to assume that yet another reorganization is underway and that their investment may be further devaluated.

3. Analysis

[13] In my view, the plaintiffs' evidence clearly satisfies the elements of passing off, namely the existence of goodwill, the deception of the public and actual or potential damage

to the plaintiffs. Subsections 7(b) and (c) of the Act read as follows:

> 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;
>
> (c) pass off other wares or services as and for those ordered or requested.

[14] Passing off legislation was not enacted merely to protect the parties involved but mostly to protect the public. The plaintiffs have created substantial publicity and goodwill in the name "VULCAN VENTURES" as exemplified by articles in the Globe and Mail, Forbes Magazine, Business Week, The Vancouver Sun and press releases addressed to or available in British Columbia. The public use by the defendant of the name "VULCAN VENTURES" consists of its public stock listing and the publications emanating from numerous investment bodies and web sites relating to the listing. The potential for confusion is obvious and much of it may never come to the plaintiffs' attention thus making the damages unknown and irreparable.

[15] The defendant has an investor internet site, Stockhouse.com. It includes a series of "links", supposedly relating to the defendant company. However, the link is to news stories about the plaintiffs or Mr. Allen's ventures and not about the defendant. However, actual damage does not have to be established when it is obvious that both parties are using the same trade-names in the same area in such a way as to cause or likely to cause confusion in Canada between the wares or services or business of the parties. While it is true that highly

sophisticated investors may not be confused, smaller investors, and there are myriads of them today on the stock market, would be influenced by the high profile and reputed name of Paul Allen and his companies. The standard to be applied in a passing off action is one of first impression of the ordinary person who is presented with a product or a business bearing a name similar to another product or business. Estey, C.J.H.C. of the Ontario High Court of Justice made it quite clear in *Mr. Submarine Ltd. v. Emma Foods Ltd.*[4] (at pp. 179-80):

> ... The standard to be applied is not that of a person fully familiar with the detailed operations of a plaintiff and therefore capable of at once distinguishing those of the defendant from those of the plaintiff but rather that of a person who has a vague recollection or understanding of the business or product of the plaintiff and who, on being faced with that of the defendant, may well be confused or deceived as to the ownership or nature of the goods or the proprietor of the business in question. I refer to *Cavendish House (Cheltenham) Ltd. v. Cavendish-Woodhouse Ltd.* found in [1968] R.P.C. 448.

4. Disposition

[16] Consequently, the application is granted as requested. Costs in the cause.

(Sgd.) "J.E. Dubé"

Judge

Vancouver, B.C.
January 12, 2001

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[4] 34 C.P.R. (2d) 177.

FEDERAL COURT OF CANADA

TRIAL DIVISION

NAMES OF COUNSEL AND SOLICITORS OF RECORD

STYLE OF CAUSE:	VULCAN NORTHWEST INC. and VULCAN VENTURES INC. Plaintiffs - and - VULCAN VENTURES CORP. Defendant
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APPEARANCES:

Daniel W. Burnett David Ennis	for Plaintiffs
Roger MacInnis	for Defendant

SOLICITORS OF RECORD:

Owen, Bird Vancouver, B.C.	for Plaintiffs
Roger MacInnis Vulcan Ventures Corp. Vancouver, B.C.	for Defendant

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