

Guide to the Law Regarding Similar Names



A humorous example of the tort of passing off can be found within the movie *Coming to America*, among others. In the movie, Eddie Murphy (as Akeem, a rich Prince) takes on a commoner persona and goes to work at a hamburger restaurant known as McDowell's and styled very similarly to McDonalds. There is a scene where Mr. McDowell attempts to explain away the apparent infringement by describing some minor differences between the two such as, "*McDonalds has golden arches*" and "*McDowell's has golden arcs*". It is presumed that such a minor difference would fail to pass mustard (pun intended) in a court.

The Applicable Law

Three elements establish passing off; the existence of goodwill, the deception of the public due to a misrepresentation, and the actual or potential damage to the plaintiff: *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [\[1992\] 3 S.C.R. 120](#). Passing off may occur without proof of intention; *Consumers Distributing Co. v. Seiko*, [\[1984\] 1 S.C.R. 583](#). Passing off was articulated well in *Carey Industries v. Carey*, [2013 ONSC 5607](#) wherein it was said:

[30] In *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, the Supreme Court of Canada held that the three necessary components for a passing off action are as follows:

- (a) Existence of good will or reputation attached to the goods or services which the plaintiff supplies in the mind of the purchasing public via association with the identifying "get up" (which can be a trade name);



(b) Deception of the public due to a misrepresentation by the defendant leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff; and

(c) Actual or potential damage to the plaintiff by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the plaintiff's goods or services is the same as the source of those offered by the plaintiff.

Ciba-Geigy Canada Ltd. v. Apotex Inc., 1992 CanLII 33 (SCC), [1992] 3 SCR 120

[31] There is no requirement that the defendant's actions be intentionally fraudulent, malicious or even negligent. The tort of passing off is complete without reference to the defendant's state of mind.

Dentec Safety Specialist Inc. v. Degil Safety Products Inc., 2012 ONSC 4721 (CanLII) para. 8

[32] In general terms the law of passing off can be summarized in one short general proposition, "No man may pass off his goods or services as those of another."

[33] The essence of the tort is deceit by the defendant suggesting that the defendant's product or service is the plaintiff's product or service which thereby causes confusion in the minds of consumers as to whose products or services are being sold. It is not necessary for the plaintiff to establish the consumers were actually misled by the defendant's conduct but simply that the defendant made an attempt to mislead the public. It is important to avoid confusing anyone who has an actual or potential connection with the product or service. Such confusion may enable a competitor to secure a commercial advantage by affecting sales it would not otherwise achieve or it may result in a consumer purchase that might not otherwise have taken place.

[34] Practically speaking, cases of passing off typically fall into one of two broad categories, namely:

(1) where competitors are engaged in a common field of activity and the defendant has named, packaged or described its product or business in a manner likely to lead the public to believe that the defendant's product or business is that of the plaintiff; or

(2) where the defendant has promoted his product or business in such a way as to create the false impression that its product or business is in some way approved, authorized or endorsed by the plaintiff or there is some business connection between them thereby capitalizing on the plaintiff's reputation and good will.

It is notable that proof of actual deception is unnecessary as the legal test is whether the names are confusing and likely to deceive (accidentally or otherwise); *Unity Insurance Brokers (Windsor) Ltd. v. Unity Realty & Insurance Inc.*, [2005 CanLII 7664](#) at paragraphs 12 to 23.

Further to the common law tort of passing off, passing off is codified within the *Trade-Marks Act*, [R.S.C. 1985, c. T-13, s.7\(b\)](#), as amended. Accordingly, legal actions may raise issues involving both the common law tort of passing off as well as the statute law of infringement upon a trademark. Such raising of both issues occurred, albeit unsuccessfully, within the case of *Kaastra, o/a Arbor-Aide v. Arbor Aid Ltd.*, [2019 ONSC 4590](#) where it was said:

[17] [Sections 7\(b\) and \(c\)](#) of the [Act](#) codify the common-law tort of "passing off". These sections read as follow:

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...

[18] The test for the tort of passing off at common law and passing off pursuant to sections 7(b) and (c) of the Act are the same. The three-part test required to be met to establish a claim of “passing off” is as follows:

(a) the existence of goodwill regarding the applicant’s name or product;

(b) the deception of the public due to a misrepresentation on the part of the respondent; and

(c) that the applicant has suffered, or has the potential, to suffer damages as a result of the misrepresentation.

As indicated within both the common law as well as the statute law, deception of the public (unintentional or intentional per the *Unity* case as above, is a required element; however, such then raises the question as to what is likely or possible to deceive or otherwise be confusing. This question is both raised, and partly answered within [section 6](#) of the *Trademarks Act* where it is said:

When mark or name confusing

6 (1) For the purposes of this *Act*, a trade-mark or trade-name is confusing with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name in the manner and circumstances described in this section.

Idem



(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the goods or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

Idem

(3) The use of a trade-mark causes confusion with a trade-name if the use of both the trade-mark and trade-name in the same area would be likely to lead to the inference that the goods or services associated with the trade-mark and those associated with the business carried on under the trade-name are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

Idem

(4) The use of a trade-name causes confusion with a trade-mark if the use of both the trade-name and trade-mark in the same area would be likely to lead to the inference that the goods or services associated with the business carried on under the trade-name and those associated with the trade-mark are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

What to be considered

(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;

(b) the length of time the trade-marks or trade-names have been in use;

(c) the nature of the goods, services or business;

(d) the nature of the trade; and



(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.



While it might seem that [section 6](#) of the *Trademarks Act*, and much of the case law, suggests that any use of a trade-mark or trade-name that could be confusing is improper, ironically, interpretation as to what would constitute as confusing is often confused; however, it does seem that ultimately the legal test requires a determination of what the "moron in a hurry" may find confusing as opposed to a sophisticated diligent person taking a few moments of time to carefully consider the apparent likeness or distinction within the trade-marks or trade-names. This "moron in a hurry" test was stated by Lord Denning within England law and was subsequently adopted by the Supreme Court of Canada in *Ciba-Geigy Canada Ltd.* and is frequently cited within the common law including the interesting case of *Molson Canada v. Oland Breweries Ltd.*, [2001 CanLII 28238](#) wherein it was said:

[21] Molson has suggested Oland must demonstrate that there is no likelihood of confusion and any doubt in this regard must be resolved against them. The cases cited for this proposition are: *Mr. Submarine v. Voultzos* (1977), 36 C.P.R. (2d) 270 (Ont. H.C.J.), and *Sun Life Assurance Co. of Canada v. Sunlife Juice Ltd.* (1988), [1988 CanLII 4550](#) (ON SC), 22 C.P.R. (3d) 244 (Ont. H.C.J.). *Mr. Submarine* was a case where an ex-franchisee replicated the exterior storefront presentation of *Mr. Submarine* in what was a most glaring attempt to gain commercial momentum at the expense of *Mr. Submarine*. Considering the matter, the court did indeed indicate that unless *Mr. Voultzos* could demonstrate his storefront imitation did not cause confusion, an injunction would issue, as it did. The *Sun Life* case was a trade-mark infringement action involving substantially different wares. However, in view of the familiarity and long use of the plaintiff's mark, the court considered an onus rested with the defendant to show no likelihood of confusion. In *Miss Universe, Inc. v. Bohna* (1994), [1994 CanLII 3534](#) (FCA), 58 C.P.R. (3d) 381, the Federal Court of Appeal held the onus was always on an applicant to establish on a balance of probabilities the absence of any likelihood of confusion in relation to a previously used and registered mark. Despite the fact there may be some question as to which party has the onus regarding confusion in an action objecting to a registration or an infringement case, there is no doubt that in a passing off or s. 7 action the plaintiff has the onus.



The Supreme Court of Canada in *Ciba-Geigy Canada Ltd.*, supra, has clearly held this to be so and on reflection there is no reason in law which would suggest the onus in a case of this kind ought to be anything other than the usual civil onus requiring proof on a balance of probabilities. It is absurd to suggest a reverse onus, as the plaintiff has, in which any doubt on the issue is to be resolved against the defendant. Further, in considering this element of the matter, it is the concept of “a reasonable consumer” to which the standard is applicable. Such a consumer is not a person fully familiar with and completely knowledgeable in regard to a plaintiff’s business or product and thus incapable of being confused. It is a consumer who has a vague memory or understanding and when confronted with the competitor’s product may be confused or deceived as to its nature, source or ownership. The test involved is aptly stated by Lord Denning in his inimitable way as follows:

The test is whether the ordinary, sensible members of the public would be confused. It is not sufficient that the only confusion would be to a very small, unobservant section of society; or as Foster J. put it recently, if the only person who would be misled was “a moron in a hurry”. [*Newsweek Inc. v. British Broadcasting Corp.*, [1979] R.P.C. 441 at p. 446.]

Summary Comment

The tort of passing off as well as section 7 of the *Trademarks Act*, address the protection and rights of a business from certain types of abuse by a competing business whereas the names of businesses, or the names of products, may be confusing; however, the law requires much more than a similarity or likeness in that whereas it must be proven that the name at issue holds an established goodwill within the marketplace, there is deception or confusion (intentional or unintentional) of the public, and there is loss or potential for loss. As to what would give rise to deception or confusion of the public, such is reviewed objectively on the basis of the 'moron in a hurry' test rather than the 'reasonable person' routinely known in matters of law.