

Federal Court



Cour fédérale

Date: 20190128

Docket: T-1304-17

Citation: 2019 FC 116

Ottawa, Ontario, January 28, 2019

PRESENT: The Honourable Mr. Justice Southcott

BETWEEN:

PAUL WILLIAMS COB IT ESSENTIALS

Plaintiff

and

CISCO SYSTEMS, INC.

Defendant

ORDER AND REASONS

I. Overview

[1] This decision addresses an appeal by the Plaintiff, brought as a motion under Rule 51 of the *Federal Courts Rules*, SOR/98-106 [the Rules], of the Order of Prothonotary Tabib [the Prothonotary], dated October 22, 2018, dismissing the Plaintiff's motion for leave to amend his Statement of Claim [the Prothonotary's Order].

[2] As explained in more detail below, this motion and the Plaintiff's appeal are dismissed, because I have found no error in the Prothonotary's Order.

II. **Background**

[3] The underlying action was commenced by the Plaintiff, Paul Williams carrying on business as IT Essentials [Mr. Williams], by Statement of Claim issued August 22, 2017. The Statement of Claim alleged that the Defendant, Cisco Systems, Inc. [Cisco], had infringed Mr. Williams' rights, pursuant to ss 7(b), 7(c), 20, and 22 of the *Trade-marks Act*, RSC 1985, c T-13 [the Act], in relation to the trade-marks IT ESSENTIALS and IT ESSENTIALS TRUSTED STRATEGIC IT PARTNER, registered to Mr. Williams as TMA938047 and TMA938038 respectively.

[4] Cisco brought a motion to strike the Statement of Claim, which was heard by the Prothonotary, as Case Management Judge, on April 4, 2018, in conjunction with a motion by Mr. Williams to compel Cisco to deliver an affidavit of documents. By Order dated April 5, 2018, the Prothonotary struck the Statement of Claim in its entirety, finding that it failed to plead sufficient material facts to support a cause of action under the Act, but granted leave to Mr. Williams to file a motion to amend his pleading by June 4, 2018.

[5] Mr. Williams filed a motion for leave to amend on June 4, 2018, providing a proposed Amended Statement of Claim. The new pleading added a claim under s 7(d) of the Act, asserting that Cisco had made use, in association with Mr. Williams' services, of a description which is false in a material respect and likely to mislead the public as to the geographic origin of the

services. It also added a claim under s 19 of the Act. Otherwise, the principal substantive amendments were the addition of the following paragraphs 7 and 8:

7. Specifically, the Plaintiff says that the Defendant:
 1. in or about June 2014, without licence or authorization by the Plaintiff and under circumstances which are in the peculiar knowledge of the Defendant, acted so as to substitute onto Local Listing display arranged by the Plaintiff, by agreement with Google Inc., for a link to services offered by the Plaintiff, namely, www.itessentials.ca, a link to services offered by the Defendant, namely www.netacad.com, and did thereby violate s. 7(b) and (c) of the *Trade-marks Act*;
 2. in or about June 2014, without licence or authorization by the Plaintiff and under circumstances which are in the peculiar knowledge of the Defendant, acted so as to substitute a location pin onto a Local Listing display arranged by the Plaintiff by agreement with Google Inc. which was calculated to misdirect consumers of services offered by the Plaintiff to a belief that the business of the Plaintiff was located in the territory of Nunavut, and did thereby violate s. 7(b), (c) and (d) of the *Trade-marks Act*;
 3. from a date which is in the peculiar knowledge of the Defendant, without licence or authorization by the Plaintiff, by purchase of key word index rights and advertisement services from Google Inc., and other providers of Internet search engine services, the particulars of which purchases are in the peculiar knowledge of the Defendant, did thereby violate s. 7(b) and (c) of the *Trade-marks Act*;
 4. and the conduct of the Defendant pleaded in the preceding subparagraph continued on and after the registration of the IT ESSENTIALS trade-marks by the Plaintiff under the *Act*, constitutes infringement of the IT ESSENTIALS MARKS as defined by s. 20 of the *Act* and the Defendant did thereby violate the rights of the Plaintiff conferred by s. 19 of the *Trade-marks Act*; and
 5. in or about 2017, by agreement with Google Inc., or a successor to Google Inc. or an entity related to Google Inc., formed a legal relationship with Google Inc., such successor or such entity by which a cloud-based Internet service was created for the purpose of, *inter alia*, promoting the services of the Defendant using a trade-mark, the words "IT Essentials". contrary to s. 7(b) and (c) of the *Act* and s. 19 and 20 of the *Trade-marks Act*;

8. The Plaintiff is aware that the Defendant has claimed that the Defendant has, since in or about the year 2002, used the phrase “IT essentials” in descriptive materials referable to one of more courses offered by the Defendant in Canada and in other countries. The Plaintiff says that the use of such phrase was not a trade mark use, but was a nominative or adjectival usage only, and that by Defence and Counterclaim filed herein dated 19 September 2017 and amended October 13 2017, the Defendant has admitted that such use was not use of such phrase as a trade-mark of the Defendant.

[6] Following an oral hearing, the Prothonotary issued the Order that is the subject of this appeal, dismissing Mr. Williams’ motion to amend his Statement of Claim.

III. **The Prothonotary’s Order**

[7] The Prothonotary’s Order noted that Mr. Williams’ counsel agreed at the hearing that the factual basis of the claims Mr. Williams wishes to assert in the new paragraph 7 of the Statement of Claim can be summarized as consisting of the following allegations:

- A. That Cisco used the words “IT Essentials”, in its dealings with Google entities or other entities operating or administering internet search engines, in such a manner as to influence them to steer traffic to Cisco’s website; and
- B. That Cisco caused the location marker associated with Mr. Williams’ business on a Google search result page to point to a location in Nunavut, even though Mr. Williams’ business is located in Nova Scotia.

[8] The Prothonotary observed that Mr. Williams admitted to having no knowledge of any fact that would establish or show exactly what Cisco did to bring about the pleaded result, who within Cisco's organization carried out these unspecified actions, or even where or when these unspecified actions were taken. Rather, the evidence was that Mr. Williams' belief that Cisco carried out these unspecified actions was based solely on inferences drawn from certain facts: that, in or around 2014, he observed certain changes in the results displayed following a Google search using his trade-marks, whereby the results of a search using "IT ESSENTIALS" would show links to Cisco's website (www.netacad.com) rather than Mr. Williams' website (www.itessentials.ca); that Cisco acknowledged purchasing keyword index rights and advertisement services from Google; and that Google refused to provide Mr. Williams with information as to what involvement Cisco might have had with the altered search results.

[9] The Prothonotary found that the proposed pleadings failed to plead sufficient material facts to support a cause of action against Cisco, and that the proposed amendments had no reasonable prospect of success and were an abuse of process. The Prothonotary stated that the pleadings were brought to conduct a fishing expedition through discovery, in the hope of finding material facts to support a cause of action, of which facts Mr. Williams currently has no knowledge or a reasonable basis to infer.

[10] With respect to the map indicator, the Prothonotary held that the allegations were the product of rank speculation, as none of the facts known by Mr. Williams could reasonably lead to the inference that Cisco had any role in the changes he observed.

[11] With respect to the alleged manipulation of internet traffic through the use of the words “IT Essentials”, the Prothonotary accepted that the facts known to Mr. Williams could lead to the reasonable inference that Cisco purchased keyword index rights and advertisement services using the words “IT Essentials”. However, even assuming this fact to be true, the Prothonotary concluded that the proposed amendments still fell well short of pleading sufficient material facts to support a cause of action in passing off or trade-mark infringement.

[12] Turning first to the allegations of infringement of a trade-mark for services or depreciation of goodwill, under ss 20 and 22 of the Act respectively, the Prothonotary noted that such causes of action require an allegation that the trade-mark at issue was used by the defendant in association with the performance or advertisement of a service. However, Mr. Williams had admitted, and the proposed pleadings reflected, that the use by Cisco of the words “IT Essentials” as descriptive of courses offered by Cisco in Canada does not constitute infringing use of the mark. The Prothonotary observed that the proposed pleading contained no allegation of any other use of the trade-mark in association with the performance or advertisement of any service.

[13] With respect to the causes of action for passing off under s 7(b) or (c) of the Act, the Prothonotary further observed that actual or likely confusion by the public is an essential component of the cause of action and must necessarily be pleaded. The Prothonotary commented that, even if Cisco had acted in a way that caused the words “IT Essentials” used in an Internet search to present to the public links to its website rather than to that of Mr. Williams, there was no allegation in the proposed pleadings as to how the presentation of those links would cause any

actual or likely confusion between the parties or their respective service offerings. The Prothonotary concluded that the proposed pleadings do not allege, and one cannot reasonably infer from the facts pleaded, that a Google search for “IT Essentials”, that returns results showing Cisco’s site rather than Mr. Williams’ site, has been or can be the source of any confusion or likelihood of confusion between the parties or their respective services.

[14] The Prothonotary considered these conclusions to be dispositive of the motion and therefore dismissed the motion and awarded Cisco costs of \$4,000.00 plus reasonable disbursements in relation to Mr. Williams’ motion and the motions that had resulted in the Order of April 5, 2018.

IV. **Issues**

[15] Mr. Williams’ written representations identify ten issues to be considered by the Court on this motion:

- A. Whether the Prothonotary erred in conflating the Plaintiff’s motion with a motion for summary judgment pursuant to Rule 213;
- B. Whether the Prothonotary erred in finding that the Plaintiff’s proposed pleading did not disclose a cause of action against the Defendant and that the proposed amendments have no reasonable prospect of success and are an abuse of process;
- C. Whether the Prothonotary erred in concluding that the facts known to the Plaintiff could not lead to a reasonable inference that the Defendant had any role in the alterations to the local listing of the Plaintiff as pleaded in the proposed Statement of Claim, which conclusion was unsupported by the evidence and was unreasonable;
- D. Whether the Prothonotary erred in finding that the manipulation of Internet traffic by the Defendant through the use of the term “IT Essentials” could not support a cause of action in passing off or trade-mark infringement;

- E. Whether the Prothonotary erred in holding that the Plaintiff's proposed pleadings contained no allegation of use of the term "IT Essentials" by the Defendant other than as a description of one or more courses offered by the Defendant in Canada;
- F. Whether the Prothonotary erred in holding that the proposed pleadings were deficient in not alleging how the use of the term "IT Essentials" by the Defendant to direct Internet traffic away from the Plaintiff's website and to the Defendant's website would result in the likelihood of confusion between the Plaintiff and the Defendant or their respective service offerings;
- G. Whether the Prothonotary erred in holding that the proposed pleadings were deficient and did not allege that substitution by the Defendant in the Local Listing for the Plaintiff of a website maintained by the Defendant, namely www.netacad.com, for a website maintained by the Plaintiff, namely www.itessentials.ca, has been, or can be, a likely source of confusion between the Plaintiff and the Defendant or their respective service offerings;
- H. Whether the Prothonotary erred in dismissing the motion without regard to the negative evidence offered by the Defendant in failing to deny the truth of the Plaintiff's proposed pleadings;
- I. Whether the Prothonotary erred in not distinguishing between essential allegations of fact which could reasonably be known to a person in the Plaintiff's circumstances and evidence by which such allegations could be proved at the trial of the issues;
- J. Whether the Prothonotary erred in deciding the motion without considering the whole of the proceeding, and particularly, that the dismissal of the motion was related to, and could not be effectively severed from, the Defendant's Counterclaim.

[16] In oral argument, Mr. Williams' counsel raised some additional arguments that are not found in his written submissions. However, these can be addressed within the framework of the issues listed above.

V. **Standard of Review**

[17] I note that in his written representations, Mr. Williams describes each of the issues he submits for the Court's consideration as raising an error of law, reviewable on a standard of correctness.

[18] Relying on *Hospira Healthcare Corp. v Kennedy Institute of Rheumatology*, 2016 FCA 215 [*Hospira*], Cisco's written representations take the position that that the issues identified by Mr. Williams are properly characterized as alleged errors of fact or errors of mixed fact and law and are therefore reviewable on the standard of palpable and overriding error.

[19] I agree with Cisco's position, with one exception. As canvassed with counsel at the hearing of this appeal, and as I understood Cisco's counsel to then acknowledge, Mr. Williams' arguments in connection with the first issue above raise what I consider to be an extricable question of law. That is whether the Prothonotary adopted the wrong test in deciding whether to grant Mr. Williams' motion to amend his pleading. This issue is reviewable on a standard of correctness.

[20] Otherwise, I consider the issues to raise questions of fact or questions of mixed fact and law decided by the Prothonotary, without an extricable legal principle at issue, such that a judge sitting in review of those determinations should interfere only if the Prothonotary has made a palpable and overriding error (see *Hospira*, at paras 66, 69 and 79). I provide further comment on the standard of review later in these Reasons, in addressing certain of Mr. Williams' arguments on individual issues.

VI. Analysis

[21] As a preliminary point, I note that Mr. Williams' counsel argues that the Prothonotary failed to rule upon an objection he raised during the motions that resulted in the Order dated April 5, 2018, to the effect that Cisco was improperly tendering "without prejudice" correspondence as evidence. He submits that this remains a live issue, because that Order, which granted Mr. Williams leave to file a motion to amend his pleading, provided that the record as constituted on the parties' first set of motions could be used for purposes of the motion to amend.

[22] I agree with Cisco's position on this point, that this complaint relates to the motions giving rise to the April 5, 2018 Order, which has not been appealed. Moreover, while Mr. Williams submits that the process adopted in that Order resulted in the evidence to which he objected being included in the motion record giving rise to the October 22, 2018 Prothonotary's Order that is under appeal, he has not pointed to any reliance by the Prothonotary on that evidence. I find no basis for the Court to consider this point any further.

[23] Turning to the substantive issues, I note that in presenting his written arguments in this appeal, Mr. Williams has grouped certain of the issues together. My analysis therefore follows the same framework.

- A. *Whether the Prothonotary erred in conflating the Plaintiff's motion with a motion for summary judgment pursuant to Rule 213*
- B. *Whether the Prothonotary erred in finding that the Plaintiff's proposed pleading did not disclose a cause of action against the Defendant and that the*

proposed amendments have no reasonable prospect of success and are an abuse of process

[24] As I noted above, it is Mr. Williams' first argument, that the Prothonotary conflated his motion with a motion for summary judgment, to which the standard of correctness applies. In his written representations, Mr. Williams took the position that a conclusion that pleadings have no reasonable prospect of success may only follow a full or summary trial of the issues or a successful motion for summary judgment under Rule 213.

[25] However, in oral argument, I understood Mr. Williams' counsel to acknowledge the application of authorities to the effect that, when considering a motion for leave to amend pleadings, the amendment will not be allowed if it would be unable to survive a motion to strike, because the pleadings disclose no reasonable cause of action and the claim has no reasonable prospect of success (see *Bauer Hockey Corp. v Sport Maska Inc.*, 2014 FCA 158 at paras 12-16; *Teva Canada Limited v Gilead Sciences Inc.*, 2016 FCA 176 at paras 28-31). In deciding to dismiss the motion for leave to amend, the Prothonotary considered bases for striking a pleading under Rule 221, which is consistent with established authority. The Prothonotary's Order demonstrates no conflation with Rule 213, applicable to motions for summary judgment. I find no basis for a conclusion that the Prothonotary adopted an incorrect test.

[26] Mr. Williams also argues that the Prothonotary provided no explanation of the conclusion that the proposed pleadings represented an abuse of process. I find no merit to this submission, as the Prothonotary stated in the sentence immediately following that conclusion that the amendments were brought for the purpose of allowing Mr. Williams to conduct a fishing

expedition through discovery, in the hope that he would find material facts to support a cause of action, of which facts he currently had no knowledge or a reasonable basis to infer. As argued by Cisco, such a finding represents a basis to strike a pleading as an abuse of process (see, e.g. *Eli Lilly Canada Inc. v Nu-Pharm Inc.*, 2011 FC 255 at paras 7-9).

[27] Mr. Williams' counsel also advanced an argument at the hearing of this appeal that the Prothonotary's Order includes an error, in connection with an extricable legal principle, in finding that the proposed amendments were brought for the purpose of allowing Mr. Williams to conduct a fishing expedition through discovery. Mr. Williams submits that the term "fishing expedition" means "a search by an empty handed party looking for something to grasp onto" (see *Imperial Manufacturing Group Inc. v Decor Grates Incorporated*, 2015 FCA 100 [*Imperial*] at para 38) and that the Prothonotary erred by adopting a different meaning of this term.

[28] However, Mr. Williams' counsel explained that he does not know what meaning the Prothonotary adopted and that his argument is that the facts of this case do not demonstrate that the purpose of the amendments is a "fishing expedition" within the meaning prescribed by *Imperial*. This argument does not raise an extricable legal principle but rather a question of mixed fact and law. Consistent with the conclusion at paragraph 38 of *Imperial*, this question is reviewable on the standard of palpable and overriding error.

[29] As to whether the Prothonotary's conclusion, that Mr. Williams' purpose was a fishing expedition, represents a palpable and overriding error, I note that Mr. Williams has taken no issue with the Prothonotary's factual observation that he currently has no knowledge of any fact

that would establish or show exactly what Cisco did to bring about the results alleged in the pleading, who within Cisco's organization carried out these unspecified actions, or where or when these unspecified actions were taken. Mr. Williams has pointed to no basis for the Court to identify a palpable and overriding error by the Prothonotary in making these findings.

[30] Mr. Williams' arguments, that the Prothonotary erred in analysing the reasonableness of inferences to be drawn from the facts known by Mr. Williams, are addressed in the context of other issues canvassed below.

C. Whether the Prothonotary erred in concluding that the facts known to the Plaintiff could not lead to a reasonable inference that the Defendant had any role in the alterations to the local listing of the Plaintiff as pleaded in the proposed Statement of Claim, which conclusion was unsupported by the evidence and was unreasonable

D. Whether the Prothonotary erred in finding that the manipulation of Internet traffic by the Defendant through the use of the term "IT Essentials" could not support a cause of action in passing off or trade-mark infringement

[31] Mr. Williams submits that the findings referenced in the two issues set out above represent findings of law, rather than fact, because they are made in the context of legal novelty surrounding the claim that he is asserting. I disagree. The Prothonotary's findings, as to inferences that could be drawn from facts known to the plaintiff, and as to whether the manipulation of Internet traffic could support a cause of action in passing off or trade-mark infringement, clearly engage at least in part with questions of fact. This is not altered by Mr. Williams' claims arising in the context of Internet use or the possibility that such a context may

give rise to novel legal issues. His arguments related to those findings are therefore reviewable on the standard of palpable and overriding error.

[32] The Prothonotary's finding, that the facts known to Mr. Williams could not lead to a reasonable inference that Cisco had any role in the alterations to his local listing, relate to the location marker which was apparently changed to point to a location in Nunavut rather than Nova Scotia. While not stated expressly in the Prothonotary's Order, it appears that Mr. Williams' proposed pleading under s 7(d) of the Act failed as result of this finding. Mr. Williams has not explained how Cisco would benefit from, or be otherwise motivated to effect, the change in the location marker. Nor has he otherwise advanced any argument as to how the Prothonotary's finding represents a palpable and overriding error. The Prothonotary characterized the allegation that Cisco was responsible for this change as the product of rank speculation, and I find no error in this regard.

[33] With respect to the alleged manipulation of Internet traffic through the use of the term "IT Essentials", the Prothonotary accepted that the facts known to Mr. Williams could lead to the reasonable inference that Cisco purchased keyword index rights and advertisement services using that term. However, even assuming that fact to be true, the Prothonotary found that the proposed amendments still fell well short of pleading sufficient material facts to support a cause of action in passing off or trade-mark infringement. The Prothonotary's analysis in support of that conclusion is considered below in the context of other issues raised by Mr. Williams.

[34] Mr. Williams argues that the Prothonotary erred by embarking on a determination as to whether there was evidence filed or available to him to support the facts necessary to sustain the causes of action alleged. I disagree that the Prothonotary's analysis can be characterized in this manner. Rather, the Prothonotary engaged with the facts pleaded and applied that factual matrix to the constituent elements of the causes of action. I find no error in this regard.

[35] Perhaps related to that argument, Mr. Williams' counsel also noted in oral argument that Rule 221(2) provides that no evidence shall be heard on a motion to strike a pleading on the basis that it discloses no reasonable cause of action. To the extent Mr. Williams is raising a concern that the Prothonotary improperly considered evidence on the motion under appeal, I agree with Cisco's position that evidence was admissible in connection with the Prothonotary's consideration whether the pleading should be struck as an abuse of process. However, the Prothonotary's conclusion, that Mr. Williams had not pleaded sufficient material facts to support the causes of action raised in the Amended Statement of Claim, was based on analysis of the pleadings themselves.

E. Whether the Prothonotary erred in holding that the Plaintiff's proposed pleadings contained no allegation of use of the term "IT Essentials" by the Defendant other than as a description of one or more courses offered by the Defendant in Canada

[36] The finding by the Prothonotary challenged by this argument is that, other than the use by Cisco of the words "IT Essentials" as descriptive of courses offered by Cisco, the proposed amendments contained no allegation of any other use of that mark by Cisco in association with the performance or advertisement of any service. This finding resulted in the Prothonotary's

conclusion, that the pleading could not support a cause of action for infringement of a trade-mark for services or depreciation of goodwill under ss 20 and 22 of the Act, because both causes of action require an allegation that the mark be used by the defendant in association with the performance or advertisement of a service.

[37] The context for this analysis is Mr. Williams' admission in his pleading that the use by Cisco of the words "IT Essentials" as descriptive of its courses did not constitute a trade-mark use. Mr. Williams made that admission, in paragraph 8 of his proposed Amended Statement of Claim, in response to assertions by Cisco to the same effect in its Statement of Defence. Mr. Williams appears to have taken this position as a means of defending against Cisco's alternative defence position that it was the senior user of the "IT Essentials" mark, on the basis of which it brought a Counterclaim seeking a declaration that the registration of Mr. Williams' mark is invalid.

[38] In his written representations, Mr. Williams argues that, notwithstanding the admission in paragraph 8 of his proposed Amended Statement of Claim, he also alleges in paragraphs 6 and 7 that Cisco made infringing use of the term "IT Essentials".

[39] Paragraph 6 does allege use of the term "IT Essentials" by Cisco as a trade-mark in association with some or all of the services associated with Mr. Williams' registration. However, this is a bald allegation devoid of facts and does not assist Mr. Williams in establishing a palpable and overriding error in the Prothonotary's analysis.

[40] Paragraph 7 alleges purchase by Cisco of keyword index rights and advertisement services from Google Inc. and other providers of Internet search engine services and asserts that this conduct constitutes infringement under ss 19 and 20 of the Act. In my view, this falls significantly short of pleading facts representing a trade-mark use by Cisco of the term “IT Essentials”. To the extent this allegation is to be understood as Cisco arranging for an Internet search using the term “IT Essentials” to return a link to Cisco’s website (www.netacad.com), rather than Mr. Williams’ website (www.itessentials.ca), I have difficulty concluding that this alleged use falls outside the scope of the paragraph 8 admission. I understand from the affidavit evidence of Wadih Zaatar, Cisco’s Networking Academy Global Field Organization / DevNet Partnership Lead, that www.netacad.com is the website for Cisco’s NetAcad program (short for Networking Academy), the program under which Cisco operated courses including the courses described as IT Essentials. Certainly, I cannot conclude that the Prothonotary made a palpable and overriding error in finding that the proposed amendments contained no allegation of use by Cisco of “IT Essentials” as a mark in association with the performance or advertisement of any service, other its use as descriptive of courses offered by Cisco.

[41] While not argued by Mr. Williams, I note that this portion of the Prothonotary’s analysis addressed the claims under ss 20 and 22 of the Act but did not expressly refer to the claim under s 19. However, little turns on this as s 19, like ss 20 and 22, requires trade-mark use in order to represent infringement.

F. Whether the Prothonotary erred in holding that the proposed pleadings were deficient in not alleging how the use of the term “IT Essentials” by the Defendant to direct Internet traffic away from the Plaintiff’s website and to the Defendant’s website would result in the likelihood of confusion between the Plaintiff and the Defendant or their respective service offerings

G. *Whether the Prothonotary erred in holding that the proposed pleadings were deficient and did not allege that substitution by the Defendant in the Local Listing for the Plaintiff of a website maintained by the Defendant, namely www.netacad.com, for a website maintained by the Plaintiff, namely www.itessentials.ca, has been, or can be, a likely source of confusion between the Plaintiff and the Defendant or their respective service offerings*

[42] These arguments relate to the Prothonotary's analysis to the effect that Mr. Williams had not pleaded facts necessary to satisfy the constituent elements of a cause of action under ss 7(b) or 7(c) of the Act. The Prothonotary's analysis focused on confusion as an essential element of a cause of action for passing off. Mr. Williams submits that the rules of pleading do not require him to plead what he asserts is obvious, that a user of the Internet, seeking a connection to Mr. Williams' website, would likely experience confusion in using his registered trade-mark "IT Essentials" as a search term, and being presented with a link to Cisco's website as a result.

[43] Mr. Williams refers to no authority in support of his position on the rules of pleading. However, he does refer the Court to the recent decision of the British Columbia Court of Appeal, in *Vancouver Community College v Vancouver Career College (Burnaby) Inc.*, 2017 BCCA 41 [Vancouver], a case which involved claims based on the practice of "bidding on" or purchasing keywords used in searching the Internet and the use of registered marks within domain names. *Vancouver* found that the appellant had demonstrated confusion necessary to establish a cause of action in passing off.

[44] I appreciate that the practice of bidding on or purchasing keywords (explained in *Vancouver*, albeit in considerably greater detail, as intended to return a result with a link to the purchaser's website when the keyword is entered in a search engine) could be considered

comparable to the commercial arrangements that Cisco is alleged to have made with Google or the operators of other search engines in the case at hand. However, the finding of confusion, at paragraphs 70 to 71 of *Vancouver*, did not relate to that practice. Rather, it surrounded the use by the respondent, Vancouver Career College, of the domain name “VCCollege.ca”, which included the mark “VCC” registered to the appellant, Vancouver Community College, and did not otherwise distinguish the owner of that domain name from the appellant. The British Columbia Court of Appeal found that confusion was established by proof that the respondent’s domain name was equally descriptive of the appellant and contained the acronym long associated with it. In contrast, at paragraph 72, the Court of Appeal concluded as follows that the practice of bidding on keywords did not satisfy the requirement to demonstrate confusion:

[72] The appellant asks us to go farther and find that the respondent's practice of bidding on keywords, including "VCC" and "Vancouver Community College" is sufficient to satisfy the second component of passing off. It invokes *Orkin Exterminating Co. v. Pestco Co. of Canada* (1985), 5 C.P.R. (3d) 433 (Ont. C.A.) in support of that proposition. *Orkin*, however, is unlike this case in that it was a case of a clear misrepresentation, wherein Pestco put its telephone number in an advertisement containing Orkin's name. More significantly, the critical factor in the confusion component is the message communicated by the defendant. Merely bidding on words, by itself, is not delivery of a message. What is key is how the defendant has presented itself, and in this the fact of bidding on a keyword is not sufficient to amount to a component of passing off, in my view.

[45] If anything, the analysis and conclusion in *Vancouver*, that the fact of bidding on keywords is not sufficient to amount to confusion, represent support for the Prothonotary’s finding, that Mr. Williams’ proposed Amended Statement of Claim failed to plead a factual basis for an allegation of confusion, and support the conclusion that the Prothonotary’s analysis demonstrates no palpable and overriding error.

[46] Finally, in connection with this aspect of the Prothonotary's analysis, I note that, while this argument was not raised by Mr. Williams, it may be more accurate to describe the cause of action under section 7(c), which prohibits passing off other goods or services as and for those ordered or requested, as requiring substitution rather than confusion. As noted in *Diageo Canada Inc v Heaven Hill Distilleries Inc*, 2017 FC 571 at para 96, section 7(c), unlike s 7(b), focuses upon substitution of goods or services rather than upon confusion between them. However, in my view, the Prothonotary's analysis is otherwise equally applicable to the claim under section 7(c), in that the proposed Amended Statement of Claim failed to plead a factual basis for an allegation of substitution of Cisco's services for those of Mr. Williams.

H. *Whether the Prothonotary erred in dismissing the motion without regard to the negative evidence offered by the Defendant in failing to deny the truth of the Plaintiff's proposed pleadings*

[47] Mr. Williams argues that, in the evidence filed by Cisco in the motion before the Prothonotary, it failed to deny the truth of the allegations made by Mr. Williams in his proposed pleadings. He submits that the Prothonotary erred in failing to take this factor into account.

[48] Cisco takes issue with Mr. Williams' characterization of the evidence, referring to Mr. Zaatari's statement that Cisco did not have any knowledge of Mr. Williams or his company, prior to receiving a cease and desist letter from him in November 2016, and therefore could not have altered his Google listing in 2014 as alleged. Mr. Williams in turn submits that Mr. Zaatari merely states that he did not personally have such knowledge.

[49] In my view, little turns on this evidence. Mr. Williams has offered no authority for the proposition that the Prothonotary was obliged to take into account the extent to which Cisco provided evidence denying his allegations, particularly in considering whether the pleadings disclosed a reasonable cause of action which, as canvassed earlier in these Reasons, is a determination to be made without consideration of evidence. Again, I find no palpable and overriding error in the Prothonotary's Order.

I. *Whether the Prothonotary erred in not distinguishing between essential allegations of fact which could reasonably be known to a person in the Plaintiff's circumstances and evidence by which such allegations could be proved at the trial of the issues*

[50] Mr. Williams submits that the Prothonotary's Order gives rise to an issue of access to justice. As I understand his argument, he asserts that he is being deprived of the opportunity to pursue his action, because he does not have supporting evidence of the arrangements between Cisco and Google, which in turn is because such evidence is in the possession of Cisco and can only be obtained through documentary production and discovery in the course of the action.

[51] The sort of concern raised by Mr. Williams was recently canvassed by the Federal Court of Appeal in *Enercorp Sand Solutions Inc. v Specialized Desanders Inc.*, 2018 FCA 215 [*Enercorp*] at paras 34-37 as follows:

[34] At this point, it is important to put the question of specificity of pleadings in context. Rule 174 requires that a party's pleadings contain a concise statement of the material facts on which the party relies but not the evidence by which those facts are to be proved. The meaning of "material facts" was discussed in *Mancuso v. Canada (National Health and Welfare)*, 2015 FCA 227 (*Mancuso*) at paras. 18-20, 476 N.R. 219, where it was pointed out there is no bright line "between material facts and bald

allegations, nor between pleadings of material facts and the prohibition on pleading of evidence.” Rather, the judge charged with assessing the adequacy of the pleadings must consider the pleadings as a whole and “ensure that the pleadings define the issues with sufficient precision to make the pre-trial and trial proceedings both manageable and fair.”

[35] In my view, the “manageable and fair” requirement is the primary consideration in assessing the sufficiency of pleadings, particularly in light of the absence of any bright line test for distinguishing between material facts and bald allegations.

[36] In deciding whether pleadings are “manageable and fair”, the Court should consider the whole of the circumstances, including the relative knowledge and means of knowledge of the parties. Rules as to sufficiency of pleadings must not be allowed to become instruments of oppression in the hands of those who have knowledge of material facts at the expense of those who seek to rely on those facts without, however, having the means of knowing those facts so as to be able to plead them with specificity.

[37] The statement at paragraph 19 of *Mancuso* that “The pleading must tell the defendant who, when, where, how and what gave rise to its liability” must be understood in light of the “manageable and fair” requirement. Where, as here, a party seeks to rely upon a transaction to which it is a stranger, it must be able to describe the transaction with sufficient particularity to allow the other party to identify the transaction in issue. If that criterion is met, the question of whether the pleadings are sufficient is to be assessed in light of all the circumstances including the respective means of knowledge of the parties.

[52] *Enercorp* could not have been considered by the Prothonotary, as it was decided after the issuance of the Prothonotary’s Order. Applying its guidance to the present case, I recognize that Mr. Williams would not be expected to have knowledge of the details of Cisco’s commercial arrangements with Google or the operators of other Internet search engines. As between the parties to this litigation, information surrounding a transaction between Cisco and Google would obviously be within the knowledge of Cisco. However, even if Mr. Williams’ proposed pleading could be characterized as describing such a transaction with sufficient particularity to allow

Cisco to identify it, this is not an answer to the deficiencies in the pleadings identified by the Prothonotary.

[53] Rather, the Prothonotary noted that, even assuming it to be true that Cisco purchased keyword index rights and advertisement services using the words “IT Essentials”, the proposed amendments still did not plead the material facts necessary to support the causes of action under the Act that Mr. Williams asserts. In the absence of allegations of the requisite trade-mark use or confusion, the pleadings could not be sustained. In other words, Mr. Williams’ failure to satisfy the Prothonotary that the proposed amendments had a reasonable prospect of success turned not on his inability to assemble either facts or evidence surrounding Cisco’s dealings with Google, but rather turned on the failure of the facts, which he either knew or reasonably inferred, to amount to a cause of action at law.

[54] I therefore find no palpable and overriding error surrounding this aspect of the Prothonotary’s analysis.

J. Whether the Prothonotary erred in deciding the motion without considering the whole of the proceeding, and particularly, that the dismissal of the motion was related to, and could not be effectively severed from, the Defendant’s Counterclaim

[55] This argument turns on the fact that the pleadings in this proceeding include a Counterclaim by Cisco which, as previously noted, includes a request for a declaration of invalidity of Mr. Williams’ marks. Mr. Williams notes that the result of the Prothonotary’s Order is that the Counterclaim remains intact, with the consequence that his registered marks are placed

in jeopardy by Cisco without him having any opportunity to assert his claim against Cisco. His position is that the Prothonotary erred by failing to take this into account.

[56] I find no merit to this argument. As Cisco's counsel submitted at the hearing of this appeal, it will be Cisco's decision whether to pursue the Counterclaim, and it may be that at least some basis for the request for a declaration of invalidity is undermined by the admission by both parties that Cisco's use of the term "IT Essentials" was not a trade-mark use. However, I agree with Cisco's position that the Counterclaim is an independent cause of action which must rise or fall on its own merits. I find no basis for a conclusion that the Prothonotary erred by failing to take into account the fact that the Counterclaim would survive the striking of the Amended Statement of Claim.

VII. Costs

[57] Each of the parties has claimed costs of this appeal and, at the hearing, proposed that costs should be quantified at \$2,000.00. Cisco notes that disbursements are in addition to this figure and asks that they be fixed in the lump sum of \$4,500.00 to avoid disputes surrounding assessment. However, there is no evidence before the Court of Cisco's disbursements. As Cisco has prevailed in this appeal, it is entitled to costs, which I fix in the lump-sum amount of \$2,000.00, plus reasonable disbursements incurred by Cisco, the amount of such disbursements to be assessed if the parties cannot agree thereon.

ORDER IN T-1304-17

THIS COURT'S ORDER is that the Plaintiff's motion, appealing the Prothonotary's Order dated October 22, 2018, is dismissed, with costs to the Defendant in the amount of \$2,000.00 plus reasonable disbursements incurred by the Defendant.

"Richard F. Southcott"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1304-17

STYLE OF CAUSE: PAUL WILLIAMS COB IT ESSENTIALS V CISCO
SYSTEMS, INC.

PLACE OF HEARING: HALIFAX, NOVA SCOTIA

DATE OF HEARING: JANUARY 17, 2019

ORDER AND REASONS SOUTHCOTT, J.

DATED: JANUARY 28, 2019

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