

Federal Court



Cour fédérale

**Date: 20210115**

**Docket: T-446-20**

**Citation: 2021 FC 57**

**Ottawa, Ontario, January 15, 2021**

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

**BETWEEN:**

**PARSONS INC. AND PARSONS  
CORPORATION**

**Applicants**

**and**

**NAYYER KHAN**

**Respondent**

**JUDGMENT AND REASONS**

I. Overview

[1] The Applicant Parsons Corporation is a multinational engineering and construction firm based in the United States of America, and the owner of the trademark PARSONS [PARSONS Mark]. The Applicant Parsons Inc is a wholly-owned Canadian subsidiary of Parsons

Corporation, and uses the PARSONS Mark under licence. In these reasons, I refer to the Applicants together as “Parsons”.

[2] The Respondent Nayyer Khan is a resident of Australia. He is the registered owner of the Internet website domain name <parsonsconstruction.ca> [Respondent’s website]. The Respondent’s website purports to be that of Parsons, although its contents appear to be adapted from a website belonging to the AECON Group Inc [AECON], a leading infrastructure development and construction company. Parsons and AECON have a long history of collaboration on major construction projects in Canada.

[3] Parsons asserts that the Respondent’s website is fraudulent, and is used by the Respondent to trick potential customers and prospective employees into believing they are viewing Parsons’ legitimate website and communicating with Parsons’ employees. One prospective candidate for employment who contacted the Respondent through his fraudulent website was asked to send scanned images of his passport and other forms of personal identification.

[4] In July 2019, the Respondent was found by an Administrative Panel convened by the World Intellectual Property Organization to have engaged in very similar conduct by establishing a fraudulent website purporting to be that of Hays plc, a leading multinational recruitment agency based in the United Kingdom (*Hays plc v Registration Private, Domains By Proxy, LLC / Nayyer Khan*, D2019-1146 <haysrecruiters.com> (WIPO Arbitration and Mediation Center

(UDRP) [*Hays*]). As in *Hays*, it appears that the Respondent in this case is engaging in a “phishing” scam to obtain personal information.

[5] Despite numerous attempts by Parsons to contact the Respondent, he has disregarded all attempts at communication and has not participated in the proceedings before this Court.

[6] Parsons says that the Respondent is committing the common law tort of passing off, contrary to s 7(b) of the *Trademarks Act*, RSC 1985, c T-13:

**Unfair Competition and Prohibited Signs**

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;

**Concurrence déloyale et signes interdits**

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;

[7] For the reasons that follow, the Respondent is liable to Parsons for the common law tort of passing off and contravention of s 7(b) of the *Trademarks Act*. Parsons is entitled to declaratory and injunctive relief, damages and costs.

II. Issues

[8] This application raises the following issues:

- A. Is an application the appropriate procedure?
- B. Has the Respondent contravened s 7(b) of the *Trademarks Act*?
- C. What are the appropriate remedies?

III. Analysis

A. *Is an Application the Appropriate Procedure?*

[9] The *Trademarks Act* permits proceedings, including claims for passing off, to be brought by action or by application. The Federal Court of Appeal has recognized that access should be given to the more summary application process in appropriate cases, and nothing in the wording of the *Trademarks Act* precludes this interpretation (*Trademarks Act*, s 53.2; *BBM Canada v Research in Motion Ltd.*, 2011 FCA 151 at para 28).

[10] An applicant's choice of proceeding should not be interfered with lightly. The Court may decline to determine a matter on summary application where the procedure does not provide sufficient procedural safeguards to ensure fairness to the respondent, or where the applicant has taken steps that militate against the respondent's right to fully and fairly defend the application

(*BBM Canada v Research in Motion Ltd.*, 2011 FC 960 at para 19). These may include relying on affidavits from persons who are not directly involved with the issues, failing to produce relevant documentation, or refusing to answer proper and relevant questions on cross-examination. The Court may also consider the number of issues and their complexity, the number of parties, the possibility of cross-applications or a multiplicity of proceedings, and whether credibility is in issue.

[11] None of these concerns arise in the present case. There are just three parties, two of which share a common position. There is only one central issue, and it is not complex. The test for passing off is well-established. The evidence tendered by Parsons to support the existence and use in Canada of the PARSONS Mark is unassailable, and the fraudulent nature of the Respondent's website is readily apparent.

[12] The Respondent has been given multiple opportunities to respond to the application. There is nothing to suggest that Parsons has taken any steps that would militate against the Respondent's right to fully and fairly defend the application, if he were inclined to do so. An application is therefore the appropriate procedure for Parsons to obtain the redress it seeks.

B. *Has the Respondent Contravened s 7(b) of the Trademarks Act?*

[13] The three necessary components of passing-off are the existence of goodwill; deception of the public due to a misrepresentation; and actual or potential damage (*Ciba-Geigy Canada Ltd v Apotex Inc*, [1992] 3 SCR 120 at page 132). Subsection 7(b) of the *Trademarks Act* is the

equivalent statutory expression of the common law tort, but in order to have recourse to s 7(b) a person must prove that he or she has a valid and enforceable trademark, whether registered or unregistered (*Kirkbi AG v Ritvik Holdings Inc*, 2003 FCA 297 at para 38, aff'd, *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 [*Kirkbi*]).

[14] The PARSONS Mark is registered in the United States of America and a number of other countries, but not in Canada. (It is currently the subject of Canadian Trademark Application No 1829003.) Parsons must therefore demonstrate that the PARSONS Mark is a “trademark” as defined by s 2 of the *Trademarks Act*, and that Parsons has “used” the mark as defined by s 4.

[15] The statutory definition of “trademark” requires that a mark be used to distinguish goods or services manufactured, sold, leased, hired or performed by one person from those manufactured, sold, leased, hired or performed by another (*Nissan Canada Inc v BMW Canada Inc*, 2007 FCA 255 at para 16). According to s 4(2) of the *Trademarks Act*: “A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services”.

[16] The PARSONS Mark is a sign that is used or proposed to be used for the purpose of distinguishing Parsons’ goods or services from those of others. It has been used extensively throughout Canada in association with Parsons’ services, and serves to distinguish Parsons’ services from those of its competitors. It is prominently displayed in advertisements of Parsons’ services, on its website and social media feeds, and in connection with its sponsorship of trade

conferences in Canada. The PARSONS Mark is therefore a “valid and enforceable trademark” capable of founding a claim under s 7(b) of the *Trademarks Act*.

(1) Goodwill

[17] Goodwill is defined as “the whole advantage, whatever it may be of the reputation and connection, which may have been built up by years of honest work or gained by lavish expenditure of money and which is identified with the goods distributed by the owner in association with the trademark” (*Clairol International Corp v Thomas Supply & Equipment Co*, [1968] 2 Ex CR 552).

[18] Parsons employs more than a thousand employees in Canada at 14 locations in five provinces. Its expenditures on promotion and advertising in Canada over the past five years has exceeded \$100,000.00. It has an extensive online presence through its website and social media accounts, and is regularly featured in mainstream media stories and industry-specific publications in Canada. Parsons’ provision of services and employment of Canadians, its sponsorship of events, charitable work, advertising and promotion have all resulted in significant goodwill attaching to the PARSONS Mark.

(2) Misrepresentation

[19] Misrepresentation may be wilful and deceitful, or it may be negligent or careless (*Kirkbi* at para 68). In this case, the Respondent has made at least three distinct misrepresentations: (a)

holding himself out as being Parsons in the context of an interview with an unsuspecting candidate for employment; (b) posting an image taken from Parsons' Twitter account as a representative image of his own location; and (c) using as a trademark PARSONS CONSTRUCTION, which is confusingly similar to the PARSONS Mark.

[20] All three misrepresentations by the Respondent are wilful, while the first two also involve deceit. The Respondent has held himself out to be someone he is not. The third misrepresentation involves the adoption and use of a mark or name that is likely to be confused with the PARSONS Mark, and also satisfies the second branch of the passing off test.

[21] Marks are considered confusing when, as a matter of first impression, "a casual consumer somewhat in a hurry" who sees a respondent's trademark, and has no more than an imperfect recollection of an applicant's trademark, would be likely to think that the respondent's goods or services would be from the same source as the applicant, regardless of whether the parties' goods or services are of the same general class (*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at paras 39-45).

[22] The *Trademarks Act* provides in s 6(5):

**What is to be considered**

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

**Éléments d'appréciation**

(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris:



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

(b) the length of time the trademarks 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 trademarks or trade names, including in appearance or sound or in the ideas suggested by them.

(a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;

(b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;

(c) le genre de produits, services ou entreprises;

(d) la nature du commerce;

(e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

[23] The PARSONS Mark has a distinct appearance. It has been extensively used in Canada in association with construction and engineering services since 1962. By contrast, there is no evidence to suggest that the Respondent's trademark PARSONS CONSTRUCTION has become known in Canada or has acquired any distinctiveness through extensive use. The Respondent's website was registered only on July 2, 2019.

[24] There is clear overlap between Parsons' construction and engineering services and the services the Respondent purports to offer on his website. The trademark PARSONS CONSTRUCTION wholly incorporates the PARSONS Mark, and the only additional element is the clearly descriptive word CONSTRUCTION.

[25] Parsons' channels of trade are similar, if not identical, to those allegedly available from the Respondent. Parsons offers its services to federal, regional, and local governments, and to

private customers. The Respondent's website claims to offer services to "public objects and Public-Private companies" in projects such as highway and light-rail transit construction.

[26] Considering the factors enumerated in s 6(5) of the *Trademarks Act*, together with the evidence of deliberate infringement by the Respondent of established trademarks here and in *Hays*, and proof of actual confusion, I have no hesitation in finding that the PARSONS Mark and the PARSONS CONSTRUCTION trademark are confusing. This is precisely what the Respondent intended.

(3) Actual or Potential Damage

[27] Damage cannot be presumed. There must be some evidence of "proof of actual damage or the likelihood of damage". However, the form of damage is unrestricted. It may be as simple as the loss of control over a mark. Justice Michael Phelan held in *United Airlines, Inc v Cooperstock*, 2017 FC 616 that the likelihood of confusion must lead inexorably to a finding of the probability of damage (at para 86).

[28] Given the Respondent's refusal to participate in these proceedings, it is difficult to ascertain the extent of the damage caused by his use of the trademark PARSONS CONSTRUCTION. At a minimum, Parsons has suffered damage through the loss of potential customers and prospective employees, and through the loss of control of the PARSONS Mark.

[29] Parsons has also suffered damage to its reputation as a professional and reputable engineering and construction firm. The Respondent's website is rife with typographical errors and ludicrous pronouncements:

Parsons Construction struggles at all times to endorse an impartial and prolonged environment for our customers and workers.

Parsons Constrction [sic] has received the situation of chosen servicer to frequent public objects and Public-Private companies all across the republic.

Our lines in substructured growth run unfathomable.

Customer attainments are at the sentiment of the Parsons Constrction [sic] story.

The first step in satisfying your vocation goalmouths frequently includes observing up to key therapists and ahead to the road you want to portable.

[30] By advertising, promoting, and offering construction and engineering services through his fraudulent website, the Respondent has jeopardized both the distinctiveness of the PARSONS Mark and the goodwill attaching to that mark.

C. *What are the Appropriate Remedies?*

[31] Parsons is entitled to declaratory and injunctive relief, damages and costs.

[32] Where a respondent refuses to participate in the proceedings, Justice Michael Manson's decision in *Trans-High Corp v Hightimes Smokeshop and Gifts Inc*, 2013 FC 1190 [*Trans-High*] provides useful guidance. In *Trans-High*, the Court found an uncooperative and absent respondent liable for passing off, and awarded declaratory and injunctive relief. The Court also ordered the respondent to transfer the domain name registration of the offending website, together with any other similar domain name registered to the respondent, or any confusingly similar trademark.

[33] Despite the inability of the applicant in *Trans-High* to prove a specific quantum of loss, Justice Manson awarded damages in the amount of \$25,000.00, noting "the apparent wilful infringement by the Respondent and the failure of the Respondent to even acknowledge the Applicant's trademark rights, or to negotiate any form of settlement, as well as failure to participate in the Court's process" (*Trans-High* at para 26). Justice Manson also awarded \$30,000.00 in costs.

[34] I see no reason why the damages awarded in this case should differ from those awarded by this Court in *Trans-High*. With respect to costs, Parsons estimates that its legal fees and disbursements have exceeded \$60,000.00. An award of costs that compensates Parsons for 50% of its actual expenses is more than justified, given the brazen violation of its trademark rights and the Respondent's intransigence throughout.

## **JUDGMENT**

### **THIS COURT'S JUDGMENT is that:**

1. The Respondent Nayyer Khan [Respondent] has directed 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 public attention to them, between his wares, services or business and the wares, services or business of the Applicants Parsons Corporation and Parsons Inc [Applicants], contrary to s 7(b) of the *Trademarks Act*, RSC 1985, c T-13.
2. The Respondent and his employees, agents, successors, and assigns and any related companies and businesses and all of their respective and collective officers, directors, employees, agents, successors and assigns, as well as all others over whom any of the foregoing exercise authority, are hereby permanently enjoined from directing public attention to the Respondent's 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 public attention to them, between his wares, services or business and the wares, service or business of the Applicants contrary to s 7(b) of the *Trademarks Act*, by adopting, using or promoting PARSONS, as or as part of any trademark, trade name, trading style, meta-tag (or other internet search engine optimization tool or device), corporate name, business name, and domain name (including any active or merely re-directing domain name).

3. The Respondent shall transfer to the Applicants or their counsel within thirty (30) days of the date of this Judgment, ownership and all rights of access, administration and control for and over the domain name <parsonsconstruction.ca>, together with any other domain name registered to the Respondent containing PARSONS or any confusingly similar trademark, and shall otherwise take any and all further steps necessary to complete such transfer in a timely manner thereafter, including directing the applicable Registrar(s) to transfer ownership and all rights of access, administration and control for and over all such domain names to the Applicants.
4. The Applicants are awarded damages in the sum of \$25,000.00, plus applicable HST, together with pre-judgment and post-judgment interest.
5. The Applicants are awarded costs in the lump sum of \$30,000.00, payable forthwith by the Respondent.

"Simon Fothergill"

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Judge

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

**DOCKET:** T-446-20

**STYLE OF CAUSE:** PARSONS INC. AND PARSONS CORPORATION v  
NAYYER KHAN

**PLACE OF HEARING:** HELD BY VIDEOCONFERENCE BETWEEN  
OTTAWA AND TORONTO, ONTARIO

**DATE OF HEARING:** JANUARY 12, 2021

**JUDGMENT AND REASONS:** FOTHERGILL J.

**DATED:** JANUARY 15, 2021

**APPEARANCES:**

Steven N. Kennedy  
Christie J. C. Bates

FOR THE APPLICANTS

None

FOR THE RESPONDENT

**SOLICITORS OF RECORD:**

Cassels Brock & Blackwell LLP  
Barristers and Solicitors  
Toronto, Ontario

FOR THE APPLICANTS