

SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

BETWEEN:

HEALTHWARD CANADA

(Appellant)

- and -

VAXCO LTD.

(Respondent)

FACTUM OF THE RESPONDENT

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PART I: OVERVIEW

[1] Official marks are meant to assist Canadians in recognizing government-endorsed goods and services. The Appellant, Healthward Canada (“Healthward”), is attempting to use its contractual relationship with Health Canada to exploit the official mark regime for private benefit and to restrain competition. This court should prevent Healthward from doing so.

[2] The Respondent, Vaxco Ltd. (“Vaxco”), has been a trusted provider of flu vaccines using the trademark FLUSTOPPA for the past 20 years in the United States. Vaxco has targeted these vaccines to Canadians through print advertising, billboards in Canadian cities, and a website that allows Canadians to book vaccination appointments in the US. Two months before Vaxco applied for the FLUSTOPPA & Design trademark in Canada, Healthward registered the official mark FLUSTOPPER. Now, Healthward is attempting to stop Vaxco from providing vaccines to Canadians. The Court of Appeal correctly found Healthward cannot prevent Vaxco from using the FLUSTOPPA & Design trademark in Canada for three reasons.

[3] First, Parliament did not intend for corporations such as Healthward to be able to benefit from the official mark regime. The Court of Appeal correctly determined that Healthward is not a public authority and is therefore not entitled to register an official mark

[4] Second, even if Healthward is entitled to register official marks, the ambit of an official mark’s protection must not be cast so widely that it prevents other entities from fairly competing. The Court of Appeal correctly applied a narrow test for assessing a trademark’s similarity to an official mark to distinguish Vaxco’s mark from Healthward’s.

[5] Third, even if Vaxco cannot register the FLUSTOPPA & Design trademark, the Court of Appeal correctly permitted Vaxco to continue using the FLUSTOPPA mark in Canada based on Vaxco’s prior use on its website and its trade of goods.

PART II: STATEMENT OF FACTS

[6] **The Respondent:** Vaxco is a manufacturer and distributor of medical supplies such as vaccines in North America.¹ For the past 20 years, Vaxco has been a trusted supplier of the FLUSTOPPA flu vaccine using the FLUSTOPPA & Design trademark (“Vaxco’s Mark”). Vaxco uses print and billboard ads to advertise the FLUSTOPPA vaccine to Canadians living along the Canada-United States border. In addition, Vaxco’s website—which prominently features Vaxco’s mark—displays Vaxco’s products and services, provides educational material on FLUSTOPPA, and allows Canadians to book appointments at Vaxco’s American clinics. At Trial, Justice Coff confirmed Vaxco “has targeted Canadians with its website and that Canadians have accessed it.”² Vaxco also distributes medical supplies to Europe via shipments through Canada.

[7] **The Appellant:** Since 2014, Healthward has been operating as a Canadian non-profit within a global network of public health organizations.³ In 2015, Healthward began receiving funding from Health Canada under a contractual relationship that could be unilaterally terminated by either party. In consideration for the funding, Health Canada is consulted for Healthward’s curriculum and can claw-back a portion of funding if Healthward does not provide services to Health Canada’s identified communities. Under the contract, Healthward retains the ability to select the majority of its board’s directors. In addition to the funding from Health Canada, a quarter of Healthward’s funding comes from donations, an endowment fund, and licensing revenue.

[8] Healthward purchases vaccines and medical supplies from Healthward Industries Corp (“Healthward Industries”). Healthward Industries is a close affiliate within Healthward’s global network. Also, Healthward Industries is a Canadian for-profit corporation, and direct competitor

¹ *Vaxco Ltd v Healthward Canada*, 20 TCCIP 1222 at para 1 [*Trial*].

² *Ibid* at para 5.

³ *Ibid* at para 9.

to Vaxco, who “was well aware of the FLUSTOPPA trademark” and Vaxco’s pending approval to expand into Canada.⁴

[9] **The Marks:** In February 2019, after a lengthy regulatory process, Vaxco was granted approval to begin selling vaccines in Canada. A month prior, while Vaxco’s vaccine was still pending approval, Healthward registered an official mark for FLUSTOPPER (“Healthward’s mark”). In exchange for royalties, Healthward authorized Healthward Industries to use the official mark on products sold to third parties.⁵

[10] Due to Healthward’s official mark registration, the Registrar refused to register Vaxco’s mark.⁶ Vaxco applied for judicial review of the validity of Healthward’s official mark. In response, Healthward sought a declaration that Vaxco’s mark was infringing and an injunction to prevent Vaxco from continuing to use the mark in Canada.

[11] **Trial Decision:** Coff J found in favour of Healthward. First, she determined Healthward’s official mark was valid because Healthward was a public authority.⁷ Healthward’s status as a registered charity and funding agreement with Health Canada signalled government control, and Healthward’s clinics provided a public benefit. Second, under section 6(5) of the *Trademarks Act*, Coff J found Vaxco’s mark infringed Healthward’s mark due to the similarity of their associated wares and services.⁸ Third, Coff J found Vaxco did not have a right of continued use because Vaxco’s display of the FLUSTOPPA mark on its website did not constitute prior use.⁹

[12] **Appeal Decision:** The Court of Appeal overturned each of the trial court’s findings and held in favour of Vaxco. First, Ailes JA found Healthward’s official mark was invalid because

⁴ *Ibid* at paras 12-13.

⁵ *Ibid* at para 13.

⁶ *Ibid* at para 8.

⁷ *Ibid* at paras 18-19.

⁸ *Ibid* at paras 16-17.

⁹ *Ibid* at paras 22-26.

Healthward was not a public authority.¹⁰ Neither Healthward's status as a registered charity nor its contractual relationship with Health Canada signalled sufficient government control. Moreover, Ailes JA was concerned by Healthward licensing its official mark to Healthward Industries. Second, even if Healthward's mark was valid, Ailes JA held Vaxco's mark did not infringe Healthward's mark when examining only the marks and not their associated wares.¹¹ Third, even if Vaxco could not register its mark, Ailes JA found Vaxco had a right of continued use.¹² If Vaxco used its mark in Canada prior to Healthward's registration, its continued use could not be infringing. In sum, Vaxco could register and continue to use the FLUSTOPPA mark in Canada.

PART III: POINTS IN ISSUE

[13] This appeal raises three issues:

- A. Is Healthward's official mark FLUSTOPPER valid?
- B. If so, does Vaxco's FLUSTOPPA & Design mark infringe Healthward's official mark?
- C. If so, can Vaxco be enjoined from continuing to use the FLUSTOPPA & Design mark in Canada?

[14] The Respondent submits the Court of Appeal was correct in answering no to each issue.

¹⁰ *Vaxco Ltd v Healthward Canada*, 2020 CAIP 333 at paras 7-9 [Appeal].

¹¹ *Ibid* at paras 3-6.

¹² *Ibid* at paras 10-14.

PART IV: ARGUMENTS IN BRIEF

A. HEALTHWARD'S MARK IS NOT VALID

[15] Only public authorities are permitted to register official marks under section 9(1)(n)(iii) of the *Trademarks Act*.¹³ The Court of Appeal correctly established Healthward is not entitled to register an official mark because it is not a public authority under the two-prong test set out in *Ontario Architects*.¹⁴ First, Healthward's activities are not significantly controlled by Health Canada. Second, Healthward's use of the official mark regime as a shortcut to obtain significant private benefits before other competitors is not in the public's best interest.

1. Healthward is not subject to significant government control

[16] The Court of Appeal correctly concluded that Healthward's activities are not subject to significant government control because Health Canada's governance is merely contractual. Healthward is not a self-regulatory body created by statute. Healthward's contractual obligation to allow Health Canada to review some of its activities does not amount to sufficient ongoing control or influence over Healthward's governance and decision-making.¹⁵

a. Healthward is not a self-regulatory professional body

[17] As Urie JA noted in *Canadian Olympic Association*, when determining whether an entity is a public authority under the *Trademarks Act*, "regard must be had to the term public authority in the context of that Act as well as the nature of the functions it performs."¹⁶ Contrary to Healthward's assertions at paragraph 21 of the Appellant Factum, the five *indicia* of government control set out by the Federal Court of Appeal in *Ontario Architects* are not all applicable when

¹³ *Trademarks Act*, RSC 1985, c T-13, s 9(1)(n)(iii) [*Trademarks Act*].

¹⁴ *Ontario Association of Architects v Association of Architectural Technologists of Ontario*, 2002 FCA 218 at paras 46-47 [*Ontario Architects*].

¹⁵ *Ibid* at paras 59, 62.

¹⁶ *Canadian Olympic Assn v Canada (Registrar of Trademarks)*, [1982] 67 CPR (2d) 59 at para 22 (FCA) [*Canadian Olympic Association*].

considered within the context of Healthward's functions.¹⁷ A more careful reading of the case shows these factors to be indicators of ongoing government supervision for self-regulatory professional bodies.¹⁸

[18] Since Healthward is not a self-regulatory professional body created by statute, Health Canada cannot satisfy three of the five factors for government control set out in *Ontario Architects*. Specifically, Health Canada cannot: (1) request Healthward take actions that further the intent of its enabling legislation; (2) advise Healthward on how to implement its statutory scheme; or (3) approve Healthward's regulation-making power.¹⁹ Only the remaining two factors are applicable, namely Health Canada's ability to review Healthward's activities and to appoint board members. However, these *indicia* "are not exhaustive, nor is the presence or absence of any one factor determinative."²⁰ Therefore, significant government control must be determined by evaluating all relevant factors on balance, within the context of Healthward's functions.

b. Health Canada does not substantially control Healthward's decision making

[19] Although Health Canada can review some of Healthward's actions, this does not amount to substantial or ongoing influence over Healthward's decision making. Under their funding agreement, Health Canada may advise Healthward on its educational programs. However, Health Canada is merely consulted and there is no requirement for Healthward to heed Health Canada's advice. Additionally, while Health Canada may direct Healthward to provide mobile clinics to

¹⁷ *Factum of the Appellant, Team 2A* at para 21 [*Appellant Factum*].

¹⁸ *Ontario Architects*, *supra* note 14 at paras 60-62.

¹⁹ *Ibid* at paras 60-62.

²⁰ *Council of Natural Medicine College of Canada v College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia*, 2013 FC 287 at para 38 [*Council of Natural Medicine*].

selected communities, Healthward is not required to accommodate these communities—the only consequence being that Health Canada may “claw-back a portion of the funding provided.”²¹

[20] The condition that Health Canada may appoint two of five seats on Healthward’s board of directors does not indicate significant control because Healthward still retains a majority of the seats. The Appellant asserts this still proves significant government control because the Federal Court has previously found the ability to appoint between one-third and one-half of an entity’s board members to indicate significant government control.²² However, in the only case the Appellant cites for this proposition, the government’s power to appoint board members was based in statute and it was only one of several *indicia* of government control.²³ This case is distinguishable because Health Canada’s ability to appoint board members does not come from Parliament and there are no other markers of substantial government control.

c. Healthward’s obligations under the funding agreement are contractual

[21] Although Health Canada provides 75% of Healthward’s funding, this does not give rise to substantial government control because either party can unilaterally terminate the funding agreement at any time. Healthward’s obligations towards Health Canada are “in consideration for the funding provided”—this contractual relationship more closely resembles a mutually beneficial partnership rather than one of dependence.²⁴ If the funding agreement was ever terminated by either party Healthward would still likely be viable, especially considering Healthward did not

²¹ *Trial*, *supra* note 1 at paras 11.

²² *Appellant Factum*, *supra* note 17 at para 22.

²³ *Council of Natural Medicine*, *supra* note 20 at paras 37-39.

²⁴ *Trial*, *supra* note 1 at para 11.

receive any government funding during its first year within Canada.²⁵ Further, it could likely receive funding from within its “global network of affiliated organizations.”²⁶

[22] The Appellant alleges contractual obligations can give rise to substantial government control because the Federal Court has previously found substantial control to exist between the Federal Government and the Canadian Olympic Association (COA).²⁷ However, it is now well accepted that official marks are not entitled to the overbroad protections found in caselaw decades ago. More recently, in *TCC Holdings*, the Federal Court held government funding granted on the condition that promotional material acknowledge such funding was not sufficient government control.²⁸ Additionally, a contract for a job creation project in which “all employees must be referred by a Canada Employment Centre” was still not enough to constitute ongoing or substantial government supervision.²⁹

[23] Further, Healthward can no longer rely on its status as a registered charity to infer government control because “case law is clear that charitable status alone is insufficient to meet the substantial government control requirement.”³⁰ In *Canadian Olympic Association*, the finding that the COA was under significant government control did not take into into account the Federal Court of Appeal’s subsequent remarks that charitable status does not automatically give rise to significant government control.³¹ The government’s relationship with the COA is also distinguishable from Health Canada’s relationship with Healthward because: (1) the government

²⁵ *Ibid* at paras 9-10.

²⁶ *Ibid* at para 1.

²⁷ *Appellant Factum*, *supra* note 17 at para 20.

²⁸ *TCC Holdings Inc v Families as Support Teams Society*, 2014 FC 830 at paras 25-27 [*TCC Holdings*].

²⁹ *Ibid*.

³⁰ *Appeal*, *supra* note 10 at para 8.

³¹ *Canadian Olympic Association*, *supra* note 16; *Canadian Jewish Congress v Chosen People Ministries Inc*, 2003 FCA 272 at para 4.

has the right to dispose of the COA's assets as they see fit upon the COA's dissolution; and (2) neither entity has the right to unilaterally terminate their funding agreement.³²

[24] Overall, within the context of Healthward's function as an independent organization, there are not enough *indicia* of significant control in Health Canada's influence over Healthward for Healthward to be deemed a public authority. Therefore, this Appeal should be dismissed.

2. Healthward does not exist for the “public benefit” in the sense required

[25] To ensure only public authorities are able to register official marks, an applicant's activities must “benefit the public.”³³ While many things may be said to “benefit the public,” the Respondent submits this phrase must be interpreted to meaningfully fulfill Parliament's purpose in implementing the official mark regime. Applying this standard, Healthward's use of the official mark regime to obtain unfair advantages over other competitors is not in the public's best interest.

a. The threshold for public benefit must be meaningful

[26] In *Ontario Architects*, the Federal Court of Appeal held courts may consider a body's objects, duties and powers—including the distribution of its assets—when evaluating if “a body's functions are sufficiently for the public benefit.”³⁴ Some early cases interpreted the “public benefit” criterion so loosely that virtually any function that broadly benefited some aspect of the public satisfied it. However, treating the public benefit criterion as an empty marker has been widely criticized.³⁵ It allows any organization that provides any service, even if for substantial commercial interest, to satisfy the criterion.

³² *Canadian Olympic Association*, *supra* note 16 at para 29.

³³ *Ontario Architects*, *supra* note 14 at para 52.

³⁴ *Ibid.*

³⁵ Andrea Slane, “Guarding a Cultural Icon: Concurrent Intellectual Property Regimes and the Perpetual Protection of *Anne of Green Gables* in Canada” (2011) 56:4 McGill LJ 1011 at 1046-1049; Teresa Scassa, “Nickled and Dimed: The Dispute over Intellectual Property Rights in the *Bluenose II*” (2004) 27:2 Dal LJ 293 at 303.

[27] Consequently, commentators have interpreted the public benefit requirement to mean an organization must have the public's best interest in mind when registering and enforcing an official mark.³⁶ The Federal Court accepted this standard in *Council of Natural Medicine*. There, a self-regulatory professional body obtained official marks because the body thought it was "in the best interests of the profession and the public" and "was mandated to act accordingly."³⁷ A self-regulatory professional body may also, at the same time, receive private benefits because "the mix of public and private benefit tends to be a feature of professional self-regulation."³⁸

[28] Independent non-profit organizations, however, are not mandated to act in the public interest. Consequently, their functions must be "considered more globally" when determining if they act in the public's best interest.³⁹ In *See You In*, the Federal Court found the COC, a private non-profit organization, existed for the public's benefit because "certainly no private benefit (as opposed to public benefit) has been identified as governing the COC."⁴⁰ Therefore, the court "defined the public benefit requirement primarily as a lack of private benefit."⁴¹

b. Healthward does not have the public's best interest in mind

[29] While the Court of Appeal acknowledged Healthward's mobile clinics provide a public benefit, Ailes JA expressed significant concerns over Healthward's relationship with Healthward Industries.⁴² Vaxco agrees. Healthward's use of the official mark regime to obtain unfair private benefits in the commercial market is opposed to the public's best interest.

³⁶ Andrea Slane, *supra* note 35 at 1046.

³⁷ *Council of Natural Medicine*, *supra* note 20 at para 35.

³⁸ *Ontario Architects*, *supra* note 14 at para 69.

³⁹ *See You In Canada Athletes Fund Corp v Canadian Olympic Committee*, 2007 FC 406 at para 64 [*See You In*].

⁴⁰ *Ibid.*

⁴¹ Andrea Slane, *supra* note 35 at 1047.

⁴² *Appeal*, *supra* note 10 at para 9.

[30] Originally, official marks were meant to be a necessary protection against fraudulent use by commercial actors misusing the authority of public bodies. This purpose has been eclipsed by the purpose for which official marks are now so highly prized: to allow those able to obtain official marks to bypass “the more rigorous trade-marks application” for a “cheap and effective shortcut for shielding their intellectual property.”⁴³ This creates a two-tier system for trademark registration that risks giving official mark holders unfair commercial advantages over competitors.⁴⁴

[31] Healthward registered the official mark FLUSTOPPER only after Vaxco applied to Health Canada for vaccine approval. Subsequently, Healthward authorized Healthward Industries, a for-profit company that commercially competes with Vaxco, to use the FLUSTOPPER official mark. Ailes JA correctly noted this allows Healthward Industries to “gain competitive advantages in the marketplace.”⁴⁵ In turn, this commercial monopoly provides Healthward with significant private benefits in the form of increased royalty payments—which Healthward Industries pays Healthward for use of the FLUSTOPPER mark on products sold to third parties.

[32] At trial, Coff J found “[Healthward] Industries was well aware of the FLUSTOPPA trademark in the United States and also Vaxco’s pending approval for expansion into Canada.”⁴⁶ Since Healthward Industries is “chief among Healthward’s affiliated organizations,” Healthward Industries appears to be using Healthward as a front to gain easy access to official marks—and significant private profit.⁴⁷ Since public authorities are meant to operate for the benefit of the public

⁴³ Donna L Davis, “Too Much Protection, Too Little Gain: How Official Marks Undermine the Legitimacy of Intellectual Property Law” (2009) 14 Appeal 1 at 12.

⁴⁴ *Ibid.*

⁴⁵ *Trial*, supra note 1 at para 9.

⁴⁶ *Ibid* at para 13.

⁴⁷ *Ibid* at para 12.

at large, allowing Healthward and Healthward Industries to act in this manner is a “misuse of the official mark regime.”⁴⁸

[33] Considering Healthward’s official mark could more fittingly be protected by a trademark, the overbroad benefits of official mark protection are unnecessary. Failing to prevent monopolies on terms that are essential to the operation of other commercial parties is bound to create a chilling effect on the commercial market. Allowing such illegitimate abuses of statutory power to go unchecked would ultimately foster distrust of the government and generate anger in the public who are receiving few reciprocal benefits.⁴⁹

B. VAXCO’S MARK DOES NOT INFRINGE HEALTHWARD’S MARK

[34] Even if Healthward is entitled to register official marks, the Court of Appeal correctly held Vaxco’s mark does not infringe Healthward’s mark when the correct test is applied. As Ailes JA recognized, the correct test is a resemblance test.⁵⁰ The relevant vaccine-seeking consumer, who is familiar with Healthward’s FLUSTOPPER mark, is unlikely to mistake Vaxco’s FLUSTOPPA & Design mark for it.

1. The correct test is a resemblance test

[35] A mark only infringes an official mark if it is identical or close to identical to the official mark. When the marks are not identical, the correct question, as set out by Rothstein J in *Health Care Employees*, is whether “a person who, on a first impression, knowing one mark only and having an imperfect recollection of it, would likely be deceived or confused.”⁵¹ In *Big Sisters*, Gibson J agreed with Rothstein J and rejected the notion that courts should undergo a “straight

⁴⁸ *Appeal*, *supra* note 10 at para 14.

⁴⁹ Donna L Davis, *supra* note 43 at 14.

⁵⁰ *Appeal*, *supra* note 10 at para 6.

⁵¹ *Canadian Olympic Assn v Health Care Employees Union of Alberta*, 1992 CarswellNat 179 at para 8, 37 ACWS (3d) 1109 (FCTD) [*Health Care Employees*].

comparison” between marks to carefully dissect and examine their similarities.⁵² Gibson J noted that resemblance in appearance, sound, and idea are merely factors that can weigh into a court’s opinion when applying the resemblance test.⁵³ As Ailes JA properly noted in the court below, similarity in the nature of the wares and services associated with a mark are irrelevant to the resemblance analysis.⁵⁴ A finding of infringement by a trademark against an official mark “has a very high threshold for success.”⁵⁵

[36] Ailes JA was correct that the current situation provides Healthward with a “narrow scope of protection” compared to a situation with two trademarks.⁵⁶ The scope of official mark protection turns on whether the official mark holder would benefit if all section 6(5) factors, including wares or services, were considered in the infringement test. The Appellants misconstrue a quote from Carson J in *Kruger* as stating official marks always have broader protection than trademarks with respect to infringement.⁵⁷ The correct view is that the scope is contextual. When the marks are used in different industries, official marks have broader protection since the distinct wares and services cannot distinguish the marks. When the marks are used in the same industry, as in the case at hand, official marks have relatively narrow protection under the resemblance test.

a. The marks must be compared in their entirety

[37] When a mark features a design component, it is not sufficient to merely compare the word portion of the mark to the official mark. Consumers will also observe any design components of a trademark that might differentiate it from an official mark. For example, in *Duke*, the Trademarks

⁵² *Big Sisters Assn of Ontario v Big Brothers of Canada*, 1997 CarswellNat 783 at para 63, 71 ACWS (3d) 352 (FCTD) [*Big Sisters*].

⁵³ *Ibid* at para 64.

⁵⁴ *Appeal*, *supra* note 10 at para at para 5.

⁵⁵ *Parkinson Society Canada v Parkinson Society Alberta*, 2016 TMOB 153 at para 36.

⁵⁶ *Appeal*, *supra* note 10 at para 6.

⁵⁷ *Appellant Factum*, *supra* note 17 at para 29; *The Queen v Kruger* (1978), 44 CPR (2d) 135 at para 12, 1978 CarswellNat 804 (WL Can) [*Kruger*].

Opposition Board considered an official mark DUKE and a trademark for DUKE’S REFRESHER & Design.⁵⁸ While the Board considered “DUKE” was the predominant feature of each mark, the presence of a design element in DUKE’S REFRESHER & Design was integral to the finding that a consumer would not mistake the marks when they were viewed “as a whole, as they should be.”⁵⁹ Therefore, when a mark contains a particularly striking feature, this should factor significantly into a comparison with other marks.⁶⁰

[38] Vaxco’s FLUSTOPPA & Design contains a striking syringe logo in addition to a distinct, rounded font. The correct comparison for determining resemblance must therefore be made between the word FLUSTOPPER and the entire FLUSTOPPA & Design mark.

b. The marks must be assessed through the lens of a vaccine consumer

[39] Resemblance between marks must be assessed from the point of view of a relevant consumer, not any average person. In *ICBC*, the British Columbia Court of Appeal considered the domain name ICBCadvice.com for infringement of an official mark family with the common component ICBC.⁶¹ The Court rejected the argument that the relevant consumer, in this case an Internet user, would mistake the domain name for the ICBC official mark because this argument failed to give “credit for even the most basic understanding of the function of a domain name.”⁶² Likewise, Healthward’s arguments fail to credit “the most basic understanding” to a consumer seeking a vaccine.

[40] In this case, the relevant consumer is an individual who is familiar, but with imperfect recollection, of Healthward’s mark. This is an individual who seeks out vaccines and has at least

⁵⁸ *Duke University v SIR Corp*, 2016 TMOB 137 [*Duke*].

⁵⁹ *Ibid* at paras 28-30.

⁶⁰ *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27.

⁶¹ *Insurance Corp of British Columbia v Stainton Ventures Ltd*, 2014 BCCA 296 [*ICBC*].

⁶² *Ibid* at para 37.

“the most basic understanding” of the educational materials provided by Healthward through its website or clinics. This individual would be diligent and aware of the importance of quality and reliability in the medical products they seek. The marks must be compared from the point of view of this individual.

c. Healthward’s mark is descriptive and contains common elements

[41] A consumer is more likely to notice differences between two marks when their similar elements are common words. Similar registered marks serve as evidence that a mark in question is not distinctive. In *Maximum Nutrition*, the Federal Court of Appeal considered the presence of many registered marks containing the suffix “NUTRI-” to mean that greater emphasis must be placed on other portions of the marks being compared.⁶³ Likewise, FLUSTOPPER is not inherently distinct. There are a series of highly similar registered Canadian trademarks which begin with the word “FLU”—including FLU-STOP, FLUGON, and FLUSCOPA.

[42] A consumer will especially notice small differences that change a descriptive mark to a coined term. In *Merial LLC*, the Federal Court distinguished the marks ELIMINEX and ELIMINATOR, even though there was substantial similarity in the marks’ prefix “ELIMIN-,” because the suffix “-EX” created a coined word.⁶⁴ Likewise, Healthward’s mark is merely made up of the words “FLU” and “STOPPER,” each a common word. On the other hand, the word portion of Vaxco’s mark is the coined word “FLUSTOPPA.”

⁶³ *Maximum Nutrition Ltd v Kellogg Salada Canada Inc*, 1992 CarswellNat 124 at para 15, 34 ACWS (3d) 832 (FCA) [*Maximum Nutrition*].

⁶⁴ *Merial LLC v Novartis Animal Health Canada Inc*, 2001 CarswellNat 178 at para 26, 103 ACWS (3d) 391 (FCTD).

2. The relevant consumer would not mistake Vaxco's mark for Healthward's

[43] Compared as a whole, from the point of view of a vaccine consumer and given that Healthward's mark contains common and descriptive elements, it is highly unlikely Vaxco's mark would be mistaken for Healthward's. The discerning consumer would easily notice the prominent syringe design and distinct font of Vaxco's mark, which Ailes JA recognized as having a "distinguishing effect", on a "prescription sheet or vial containing the vaccine."⁶⁵ Beyond the logo, the consumer would notice the differences between the common descriptive elements in Healthward's mark and coined term in Vaxco's mark. The "very high threshold" for infringement is not met.⁶⁶

C. VAXCO IS ENTITLED TO CONTINUE USING ITS MARK IN CANADA

[44] Even if this Court finds Healthward's mark valid and that Vaxco's mark infringes it, the Court of Appeal was correct that Healthward cannot prevent Vaxco from continuing to use FLUSTOPPA & Design in Canada.

[45] In *Allied Corp*, MacGuigan J held an official mark "does not retroactively prohibit the adoption of marks"; registration only prohibits future third parties from adopting and using mistakable marks.⁶⁷ Healthward argues that Vaxco's use prior to its official mark registration was not "use in Canada", but that the same use following registration is "use in Canada" that must be enjoined.

[46] As Ailes JA correctly noted, Healthward's argument is an inherently illogical "catch-22."⁶⁸ By rejecting this argument, Ailes JA implicitly accepted Vaxco's submission: Vaxco used its mark

⁶⁵ *Appeal*, *supra* note 10 at para 6; *Appellant Factum*, *supra* note 17 at para 34.

⁶⁶ *Parkinson Society*, *supra* note 55.

⁶⁷ *Canadian Olympic Assn v Allied Corp*, 1989 CarswellNat 553 at para 8, 18 ACWS (3d) 1322 (FCA) [*Allied Corp*].

⁶⁸ *Appeal*, *supra* note 10 at para 48.

in Canada in association with services and wares and only seeks to continue doing so. Healthward subsequently adopting an official mark does not allow Healthward to prevent Vaxco's continued legitimate use.

1. Vaxco used its mark with services in Canada

[47] A mark is deemed to be used in association with services when it is displayed in the performance or advertising of that service.⁶⁹ Use of a trademark “must adapt to accord with 21st century commercial practices.”⁷⁰ A business offering a service to Canadians does not require a brick-and-mortar location in Canada in order to establish use of a mark with that service. The service includes the booking process, even if the “primary” benefit of the service is provided outside Canada. The three-step test that should be applied was set out by Mactavish JA in *Miller Thomson*: (1) the mark must be displayed on a website and accessed in Canada; (2) the mark must be used alongside a service that is incidental or ancillary to the primary service; and (3) the individuals accessing the service must receive a material benefit in Canada.⁷¹ By allowing Canadians to book vaccination appointments on a website containing its mark, Vaxco established use of its mark in Canada.

[48] Vaxco used its mark along with the performance of a service, not the advertising of a service. Any issues associated with advertising a yet-to-be approved drug, as may be prohibited by the *Food and Drug Act*, do not affect the legality of Vaxco's use.⁷²

⁶⁹ *Trademarks Act*, *supra* note 13 at s 4(3).

⁷⁰ *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 142 [*Miller Thomson*].

⁷¹ *Ibid.*

⁷² *Food and Drugs Act*, RSC 1985, cF-27, s9(1)-(2).

a. Vaxco displayed its mark on a website accessed by Canadians

[49] Canadians use Vaxco’s website to book appointments for the FLUSTOPPA vaccine. FLUSTOPPA & Design is prominently displayed on this website and it is viewed by Canadians who are accessing the service. Not only is the website targeted toward Canadians, there is direct evidence that “Canadians used the website to research Vaxco’s products and to book appointments to receive the vaccine at Vaxco clinics upon travelling to the United States.”⁷³ Since Vaxco displayed the mark, the first element of the test is satisfied.

b. Canadians booked appointments to receive vaccines using Vaxco’s website

[50] Any aspect of a service being offered that is more than tangentially related is part of that service. In *Miller Thomson*, booking a hotel room was deemed ancillary to the primary service of staying in the hotel room.⁷⁴ In this case, booking an appointment is a necessary stage within the scope of the primary service, receiving a vaccination. It is more than tangentially related as it is essential to the process. Since Canadians booked their vaccination appointments using Vaxco’s website displaying the mark, this element of use is satisfied.

c. Canadians received a tangible benefit when booking vaccine appointments

[51] Booking an appointment to receive the FLUSTOPPA vaccine provided significant benefit to the Canadians who did so. Booking ahead ensured that Canadians travelling to the United States to receive Vaxco’s FLUSTOPPA vaccine had peace of mind that their appointment was confirmed. Booking and paying ahead limits the required in-person contact at vaccination appointments, which is especially beneficial given the potential for infectious diseases to spread at medical facilities.

⁷³ *Trial*, *supra* note 1 at para 5.

⁷⁴ *Miller Thomson*, *supra* note 70 para 116.

[52] In addition to being able to book ahead, Canadians received material benefits through the educational materials on vaccines and product information provided on Vaxco's website. While the trial judge noted educational materials offered free of charge do not establish use on their own, the Federal Court recognized in *TSA Stores* that information on a website is a benefit when it is "akin to visiting a bricks and mortar store and benefiting from a discussion with a knowledgeable salesperson."⁷⁵ Canadians accessing Vaxco's website received the same necessary information they would receive in a discussion with a medical professional, allowing them to make an informed decision on the vaccine. This constitutes a material benefit for using the website.

[53] Therefore, since Canadians who booked appointments for the FLUSTOPPA vaccine through Vaxco's website received a material benefit, this element of use is satisfied.

2. Vaxco used its mark with wares in Canada

[54] A mark that is used on goods or the packages they are contained in is used in association with those goods upon export from Canada.⁷⁶ Unlike use under s 4(1) of the *Trademarks Act*, there is no requirement for a commercial transaction to take place for section 4(3) use.⁷⁷ As Vaxco's products were exported from Canada to the European market, section 4(3) is satisfied and use of the mark with those wares was established.

[55] The appellant argues that the purpose of s 4(3) is to prevent counterfeiting and therefore use is not established when a product is exported from Canada.⁷⁸ However, it would be incorrect for Canadian trademark holders to prevent parties from shipping through Canada with a similar mark and also argue that those parties are not establishing use.

⁷⁵ *TSA Stores Inc v Registrar of Trade-Marks*, 2011 FC 273 at para 19 [*TSA Stores*].

⁷⁶ *Trademarks Act*, *supra* note 13 at s 4(3).

⁷⁷ *Molson Cos v Moosehead Breweries Ltd*, 1990 CarswellNat 768 at para 21, 32 CPR (3d) 3633 (FCTD).

⁷⁸ *Appellant Factum*, *supra* note 17 at para 44.

3. Vaxco is not expanding the use of its mark

[56] Official marks prohibit third parties from expanding use of otherwise valid marks that are found to be infringing. Official marks cannot, however, prevent parties from continuing to use their mark if the associated wares and services remain the same. Healthward relies on *Konica* as support that trademark use cannot be considered “at large.”⁷⁹ However, the facts in *Konica* differ considerably from the facts of this case. In *Konica*, a sub-licensee of Guinness was prevented from extending Guinness’ prior use of the mark OLYMPIC, which co-existed with an official mark of the same name, from beer and books to the sale of film and cameras.⁸⁰ In contrast, Vaxco continues to use its mark only in association with vaccine distribution.

[57] Changing the location that the vaccines are administered from—the United States to Canada—does not equate to changing the categories of wares and services Vaxco has already established use in. Instead, as Ailes JA correctly noted, “expanded use could only constitute infringement if Vaxco expanded into new categories of goods and services beyond healthcare products and related services.”⁸¹ As Vaxco did not, it should not be enjoined from continued use of the FLUSTOPPA mark in Canada.

PART V: ORDER REQUESTED

[58] The Respondent respectfully requests an order dismissing this appeal.

⁷⁹ *Canadian Olympic Assn v Konica Canada Inc*, 1991 CarswellNat 163 at para 24, 30 ACWS (3d) 251 (FCA) [*Konica*].

⁸⁰ *Ibid.*

⁸¹ *Appeal*, *supra* note 10 at para 13.

PART VI: TABLE OF AUTHORITIES

Case Law	Cited at paragraph(s)
1. <i>Big Sisters Assn of Ontario v Big Brothers of Canada</i> , 1997 CarswellNat 783, ACWS (3d) 352 (FCTD).	[35]
2. <i>Canadian Jewish Congress v Chosen People Ministries Inc</i> , 2003 FCA 272.	[23]
3. <i>Canadian Olympic Assn v Canada (Registrar of Trademarks)</i> , [1982] 67 CPR (2d) 59 (FCA).	[17][18][23][35][45][46][56]
4. <i>Council of Natural Medicine College of Canada v College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia</i> , 2013 FC 287.	[18][20][27]
5. <i>Duke University v SIR Corp</i> , 2016 TMOB 137.	[37]
6. <i>Insurance Corp of British Columbia v Stainton Ventures Ltd</i> , 2014 BCCA 296.	[39]
7. <i>Masterpiece Inc v Alavida Lifestyles Inc</i> , 2011 SCC 27.	[37]
8. <i>Maximum Nutrition Ltd v Kellogg Salada Canada Inc</i> , 1992 CarswellNat 124, 34 ACWS (3d) 832.	[41]
9. <i>Merial LLC v Novartis Animal Health Canada Inc</i> , 2001 CarswellNat 178, 103 ACWS (3d) 391 (FCTD).	[42]
10. <i>Miller Thomson LLP v Hilton Worldwide Holding LLP</i> , 2020 FCA 134.	[47][50]
11. <i>Molson Cos v Moosehead Breweries Ltd</i> , 1990 CarswellNat 768, 32 CPR (3d) 3633 (FCTD).	[54]
12. <i>Ontario Association of Architects v Association of Architectural Technologists of Ontario</i> , 2002 FCA 218.	[15][16][17][25][26][27]
13. <i>Parkinson Society Canada v Parkinson Society Alberta</i> , 2016 TMOB 153.	[35][43]
14. <i>See You In Canada Athletes Fund Corp v Canadian Olympic Committee</i> , 2007 FC 406.	[28]
15. <i>TCC Holdings Inc v Families as Support Teams Society</i> , 2014 FC 830.	[22]
16. <i>TSA Stores Inc v Registrar of Trade-Marks</i> , 2011 FC 273.	[53]
17. <i>The Queen v Kruger</i> (1978), 44 CPR (2d) 135, 1978 CarswellNat 804 (WL Can).	[36]
18. <i>Vaxco Ltd v Healthward Canada</i> , 20 TCCIP 1222.	[6][7][8][9][10][11][19][21][31][32]
19. <i>Vaxco Ltd v Healthward Canada</i> , 2020 CAIP 333.	[12][29][32][33][35][43][46][49][57]

Legislation		Cited at paragraphs
1.	<i>Trademarks Act</i> , RSC 1985, c T-13.	[15][47][54]
2.	<i>Food and Drugs Act</i> , RSC 1985, c F-27.	[48]

Secondary Sources		Cited at paragraphs
1.	Andrea Slane, “Guarding a Cultural Icon: Concurrent Intellectual Property Regimes and the Perpetual Protection of <i>Anne of Green Gables</i> in Canada” (2011) 56:4 McGill LJ 1011.	[26][27][29]
2.	Donna L Davis, “Too Much Protection, Too Little Gain: How Official Marks Undermine the Legitimacy of Intellectual Property Law” (2009) 14 Appeal 1.	[30][32]
3.	Teresa Scassa, “Nickled and Dimed: The Dispute over Intellectual Property Rights in the Bluenose II” (2004) 27:2 Dal LJ 293.	[26]