

SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

B E T W E E N :

HEALTHWARD CANADA

Appellant

– and –

VAXCO LTD.

Respondent

FACTUM OF HEALTHWARD

PART I – OVERVIEW

[1] The official marks regime in the *Trademarks Act* (the *Act*) plays an important social role. It provides the means by which entities who operate for the benefit of the public are able to identify themselves. In turn, it provides the means by which the public is able to distinguish public authorities from private enterprises. This case is about a for-profit corporation attempting to adopt and register a mark that will diminish the ability of a public authority to identify itself. More than this, it is about the public losing its ability to distinguish organizations who pursue the public good from others who pursue private profits.

[2] The Appellant, Healthward Canada, is a Canadian non-profit organization and a charity. Healthward's objective is to promote public health. It achieves this objective by increasing public awareness of the importance of vaccines and by providing free vaccination services to underserved communities. Healthward uses the official mark FLUSTOPPER in association with these services. Public notice of Healthward's official mark was made in January 2019.

[3] The Respondent, Vaxco Ltd., is a for-profit corporation. It sells vaccines, medical supplies, and related services in the United States. In February 2019 Vaxco expanded its operations into Canada. In March 2019 Vaxco applied for but was denied registration of its FLUSTOPPA trademark on the grounds that it too closely resembled Healthward's official mark.

[4] This appeal raises two issues. (1) Did the Registrar err in refusing to allow Vaxco's FLUSTOPPA & Design trademark registration given Healthward's valid official mark? (2) Does Healthward's FLUSTOPPER official mark prevent or otherwise restrict Vaxco's use of the FLUSTOPPA trademark?

[5] The *Act* provides a clear answer to both questions. As regards the first, Vaxco's mark so nearly resembles Healthward's official mark, that one is likely to mistaken for the other.

Registration of Vaxco's mark is therefore prohibited by s.12 of the *Act*. As regards the second question, Vaxco's use of its mark in Canada after public notice of Healthward's official mark constitutes adoption and is therefore prohibited by s.9(1)(n)(iii) of the *Act*.

[6] The trial Court was correct in holding that Vaxco's mark was unregistrable because it too nearly resembled Healthward's official mark. The Trial Court was also correct in enjoining the use of Vaxco's mark in Canada. The appeal court erred in overturning both holdings. Healthward respectfully asks that this appeal be allowed and that the trial decision be restored.

PART II – STATEMENT OF FACTS

Healthward – Healthward Canada (“Healthward”)

[7] Healthward is a registered charity and a non-profit organization located in Toronto, Canada. Healthward's objective is to increase public health. It achieves this objective by educating the public on the importance of vaccination and by providing free vaccination services to communities in need.

Vaxco Ltd v Healthward Canada, 20 TCCIP 1222 at para 2 [*Trial*].

[8] Healthward receives 75% of its funding from Health Canada, and Health Canada is entitled to direct Healthward to provide vaccination services in communities of Health Canada's choosing. The funding is contingent on Healthward's compliance with Health Canada's directions.

Trial, supra para 7 at para 10-11.

[9] In addition to choosing the communities in which Healthward provides its services, Healthward must consult Health Canada on the content of its educational programs. Health Canada is also entitled to appoint two of the five members of Healthward's board of directors.

Trial, supra para 7 at para 10-11.

[10] Healthward is the holder of the official mark FLUSTOPPER. Public notice of Healthward's adoption and use of FLUSTOPPER was made in January 2019.

Trial, supra para 7 at para 7.

Vaxco – Vaxco Ltd. (“Vaxco”)

[11] Vaxco is a for-profit corporation. It is in the business of producing and selling vaccines and related medical supplies in the US, where it also operates vaccination clinics. Vaxco uses the trademark FLUSTOPPA (& Design) in the US in association with these goods and services.

Trial, supra para 7 at para 4.

[12] Prior to February 2019, Vaxco did not operate in Canada. Canadians could not purchase Vaxco's products or receive their vaccination services in Canada. The only interaction between Canadians and Vaxco either took place in the US or through Vaxco's website. Canadians can access the website to book appointments to receive vaccines upon visiting the US.

Trial, supra para 7 at para 5.

[13] In February 2019, after public notice of Healthward's official mark, Vaxco began selling its FLUSTOPPA vaccine in Canada. It applied for a Canadian trademark in March 2019. Registration was refused on the basis that the trademark resembled Healthward's official mark.

Trial, supra para 7 at para 5.

Healthward Industries (“Industries”)

[14] Industries is a non-party affiliate of Healthward. It is in the business of manufacturing and selling vaccines and medical supplies. Healthward and Industries have an agreement in which Industries is permitted to use the FLUSTOPPER trademark on the vaccines it sells. Any revenue Healthward generates through this agreement is distributed back to the public through the provision of free healthcare and education services.

Trial, supra para 7 at paras 12-13.

Procedural History

[15] The *Trial* Court held that FLUSTOPPA and FLUSTOPPER have a high degree of resemblance, and that there was therefore no basis on which to interfere with the Registrar's decision to refuse Vaxco's trademark application. The Court also held that Vaxco's display of its FLUSTOPPA trademark did not constitute prior use in Canada and that Vaxco therefore had no basis on which ground a claim of continued use.

Trial, supra para 7 at paras 22-26.

[16] The Appeal Court reversed the *Trial* decision. It held that Healthward is not a public authority and was therefore not entitled to the official mark in the first place. The Court also held that Vaxco's activities prior to February 2019 constituted prior use of its FLUSTOPPA trademark, and that Vaxco is therefore entitled to continue using it.

Vaxco Ltd v Healthward Canada, 2020 CAIP 333 at paras 7-9, 11-13 [*Appeal*].

[17] Healthward respectfully requests that this court reverse the Appeal Court's decision and restore the trial decision.

PART III – POINTS IN ISSUE

[18] Two issues are raised in the present appeal:

- i. Did the Registrar err in refusing to allow Vaxco's FLUSTOPPA & Design trademark registration given Healthward's valid official mark?
- ii. Does Healthward's FLUSTOPPER official mark prevent or otherwise restrict Vaxco's use of the FLUSTOPPA trademark?

PART IV – ARGUMENTS IN BRIEF

ISSUE 1: The Registrar did not err in refusing to allow Vaxco’s registration

[19] The *Act* sets out a regime which prohibits the adoption and registration of any mark consisting of, or so nearly resembling as to be likely mistaken for a mark adopted and used as an official mark by a public authority.

Trademarks Act, RSC 1985, c T-13, s 12(1)(e), s 9(1)(n)(iii) [*Act*].

[20] Healthward makes two submissions in respect to Issue 1: (1) that Healthward is a public authority; (2) that Vaxco’s trademark so nearly resembles Healthward’s official mark that Vaxco’s is likely to be mistaken for Healthward’s.

1. Healthward is a public authority

[21] The Federal Court, in *Canadian Olympic Assn v Canada (Registrar of Trade Marks)*, set out the test for whether an entity qualifies as a public authority under s.9(1)(n)(iii) of the *Act*. A body is a public authority if it (a) benefits the public by its activities, and (b) is subject to a sufficient degree of government control.

Canadian Olympic Assn v Canada (Registrar of Trade Marks), [1983] 1 FC 692, 139 DLR (3d) 190 at para 13 [*Canadian Olympic*].

a) Public Benefit

[22] The Federal Court of Appeal, in *Assn. of Architects (Ontario) v Assn of Architectural Technologists (Ontario)*, enumerated three factors to consider when determining whether the activities of an organization generate a sufficient public benefit to qualify as a public authority. These are (i) the body’s objects, (ii) the body’s duties, and (iii) the distribution of its assets.

Assn. of Architects (Ontario) v Assn of Architectural Technologists (Ontario), 2002 FCA 218 at para 52 [*Architects*].

i. Objects

[23] Healthward’s objective is to promote and improve public health. One way Healthward carries out this objective is with its education program, through which Healthward provides information and advice to the Canadian public in the field of public health. This meets the threshold found by courts to constitute public benefit. For example, in *Chartered Professional Accountants of Ontario v Assn of International Certified Professional Accountants*, the TMOB held that a regulatory body’s objective of “providing information and advice to the public in the field of accountancy” supported a finding of public benefit. Healthward submits that providing public health information and advice is similar to and at least as beneficial as providing accountancy information and advice, and therefore similarly supports a finding of public benefit.

Chartered Professional Accountants of Ontario v Assn of International Certified Professional Accountants, 2019 TMOB 120 at para 158 [*Accountants*].

ii. Duties

[24] A body’s duties to the public have also been considered in determining public benefit. Courts have considered duties to include more than just those which are legally imposed. For example, in *Architects*, the Federal Court of Appeal held that “public duty” does not mean a statutorily prescribed or “legally enforceable” duty. Similarly, the Federal Court, in *Canadian Olympic*, characterized this type of duty as being synonymous with “obligation” and held that such public obligations can be “self-assumed”.

Architects, *supra* para 22 at para 52.
Canadian Olympic, *supra* para 21 at paras 24, 26.

[25] In *Canadian Olympic*, the Court held that the Canadian Olympic Association had duties and obligations to the public because it acted in response to “generally-recognized national needs”. Similarly, in the present case, Healthward provides its vaccination services in response to generally-recognized national healthcare needs.

Canadian Olympic, supra para 21 at para 11.

[26] In addition to acting in response to public health needs, Healthward has several other self-assumed public obligations that support a finding of public duty. For example, Healthward has an obligation to ensure the accuracy of the medical information it provides, to provide the public with safe and effective vaccinations, to ensure the competency of its medical professionals, and to promote and encourage public health, amongst others.

iii. Distribution of Assets

[27] Finally, in order to be considered a public authority, a body must distribute all profits back to the public. As a charity and a non-profit, every dollar Healthward receives is distributed back to the public through its education and vaccination programs. The money Healthward receives from its licensing agreement with Industries is likewise distributed to the public.

Canadian Olympic, supra para 21 at para 10, 13-15.

[28] This does not, however, mean that financial arrangements which create additional private benefits are unacceptable. For example, in *Architects*, the Court held that benefitting the public while also increasing members' income was an acceptable "dual function" of the professional association at issue. Therefore, any private benefit gained by Industries through its licensing agreement with Healthward is compatible with the public benefit generated through Healthward's services. Moreover, the licensing agreement in the present case largely *facilitates* public benefit.

Architects, supra para 22 at para 71.

[29] Nor is the licensing agreement itself invalid. In *Magnotta Winery Corp v Vintners Quality Alliance* one of the issues turned on the use of an official mark by an entity that was not itself a public authority. The Court held that "nothing precludes the use of an official mark by a party licensed or otherwise permitted to use it by the public authority".

Magnotta Winery Corp v Vintners Quality Alliance, 2001 FCT 1421, 17 CPR (4th) 45 at paras 65-67.

b) Government Control

[30] The second element required for an entity to qualify as a public authority is that it be under a sufficient degree of government control. Healthward submits that its relationship with Health Canada meets the threshold found by courts to constitute government control.

Canadian Olympic, *supra* note 21 at para 13.

[31] The first aspect of Healthward's relationship with Health Canada that supports a finding of government control is the high degree of funding that Healthward receives from Health Canada. This has been held to indicate government control even where the body in question is not a creature of statute. For example, in *Bruce Trail Assn v Camp*, the TMOB considered whether a non-statutory body who maintained public hiking trails was a public authority. The Board held that the body was subject to government control because the government of Ontario provided "a substantial portion" of its funding. The substantial funding Healthward receives from Health Canada likewise supports a finding of government control.

Bruce Trail Assn v Bruce Trail Enterprises, [2001] TMOB No 36, 12 CPR (4th) 104 at para 19 [*Bruce Trail*].

[32] Courts have also held that government board membership indicates control. For example, in *Counsel of Natural Medicine of Canada v College of Traditional Chinese Medicine Practitioners*, the Federal Court considered whether a professional association in the field of natural medicine was a public authority. In that case, the government was able to appoint "between one-third and one-half of the board members", which the Court found supported a finding of control. In the present case, Health Canada is entitled to appoint two-fifths of the seats on Healthward's board of directors. This falls squarely within the range identified by the Court in *Natural Medicine* as indicative of government control.

Counsel of Natural Medicine of Canada v College of Traditional Chinese Medicine Practitioners, 2013 FC 287 at para 38 [*Natural Medicine*].

[33] Finally, many of Healthward’s operations are performed under the direction of Health Canada. In *Architects*, the Court found that the Ontario Architects Association (OAA) was subject to government control because the Minister could direct the OAA to undertake activities that the Minister deemed necessary or desirable.¹ Healthward is similar to the OAA in this regard because Health Canada can direct Healthward to carry out its services in communities in which Health Canada deems it to be necessary or desirable.

Architects, supra para 22 at para 60.

2. FLUSTOPPA and FLUSTOPPER are likely to mistaken for one another

[34] The *Act* prohibits the registration of any mark “consisting of, or so nearly resembling as to be likely mistaken for” an official mark. The phrase “consists of” in s.9(1) has been interpreted to mean “identical to”. Healthward concedes that FLUSTOPPA and FLUSTOPPER are not identical but submits that they so nearly resemble one another that they are likely to be mistaken.

Act, supra para 19, ss12(1)(e), 9(1)(n)(iii).
Canadian Council of Professional Engineers v APA – The Engineered Wood Assn, [2000] FCJ No 1027, 184 FTR 55 at para 69 [*Engineers*].

[35] Courts turn to s.6(5)(e) of the *Act* to determine resemblance under s.9. This involves a consideration of three aspects of resemblance: (a) the appearance of the marks, (b) the sound of the marks, and (c) the ideas suggested by the marks. All three factors in this case suggest a high degree of resemblance.

Act, supra para 19 s6(5)(e).
Canadian Olympic Assn v BPS Consultants Inc, [1992] TMOB No 210, 43 CPR (3d) 572 at para 9.
WWF - World Wide Fund for Nature v Tritap Food Broker, [1992] TMOB No 306, 44 CPR (3d) 563 at para 9.
Ontario v MacMillan, [1994] TMOB No 107, 54 CPR (3d) 157 at para 5.

¹ In this regard, the Court used the OAA as a metric by which to measure the degree of government control over the AATO. The Court ultimately held that the AATO was not subject to a sufficient degree of government control.

(a) Appearance

[36] The standard by which courts consider resemblance is “the casual consumer somewhat in a hurry”. In applying the casual consumer test, courts have held that allowance must be made for the consumer’s “imperfect recollection”. The first eight letters of FLUSTOPPA and FLUSTOPPER are identical. The only difference is that the ER at the end of Healthward’s mark is replaced with an A at the end of Vaxco’s. The result is a high degree of visual similarity which would lead a consumer with an imperfect recollection of one mark to mistake it for the other.

Veuve Clicquot Ponsardin c Boutiques Cliquot Ltée, 2006 SCC 23 at para 20-21 [*Veuve Vlicquot*].
Battle Pharmaceuticals v British Drug Houses Ltd, [1946] SCR 50 at para, 5 CPR 71 6 [*Battle*].

(b) Sound

[37] The marks in the present case also have a high degree of phonetic similarity. In *Battle Pharmaceuticals*, the Supreme Court held that when determining the degree of phonetic similarity, allowance must be made for “the effect of careless pronunciation”. This principle has since been applied liberally. For example, in *Xerox Corp v Morrison*, the TMOB held that the marks TELECOURIER and TELECOPIER had a high degree of resemblance, despite suggesting different ideas. This was based on “the possibility of slurred pronunciation” of “copier” and “courier”. The words “stopper” and “stoppa” have *identical* pronunciations for many perfectly articulate Canadians—particularly for immigrants from the UK, Australia, and South Africa.

Battle, supra para 36 at para 6.
Xerox Corp and Xerox Canada Inc v Allen L Morrison, [1986] TMOB No 460, 12 CIPR 51, at para 7.

(c) Ideas Suggested

[38] The idea suggested by a mark is the “net impression left by the mark as a whole upon the mind”. The net impression left by both FLUSTOPPA and FLUSTOPPER is identical, namely that they prevent the flu—or “stop” the flu.

Toys "R" Us (Canada) Ltd v Babies-R-Us Inc, [1992] FCJ 1053, 45 CPR (3d) 495 at para 4.

ISSUE 2: Healthward’s official mark prevents Vaxco’s use of the FLUSTOPPA trademark

[39] Healthward submits that Vaxco is prohibited from commencing use of its FLUSTOPPA trademark in Canada because its trademark is likely to be mistaken for Healthward’s official mark, FLUSTOPPER. Section 9(1)(n)(iii) of the *Act* states:

9(1) No person shall adopt in connection with a business, as a trademark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for, ...

(n) any badge, crest, emblem or mark...

(iii) adopted or used by any public authority, in Canada as an official mark for goods or services, in respect of which the Registrar has, at the request of Her Majesty or of the university or public authority, as the case may be, given public notice of its adoption and use.

Act, supra para 19, s9(1)(n)(iii).

[40] Official marks are afforded a level of protection so that, “once that notice is published, the user of the official mark trumps all other users in future, but not any who establishes its adoption and use prior to publication of the notice”. As a result, no person may adopt any trademark resembling an official mark after the Registrar has given public notice of its adoption and use by a public authority. This is of central importance, as it allows the public to distinguish organizations that focus on benefitting the public, from those that focus on making a private profit.

Royal Roads University v Canada, 2003 FC 922 at para 12 [*Royal Roads*].

[41] Section 3 of the *Act* defines “adoption”:

3 A trademark is deemed to have been adopted by a person when that person or his predecessor in title commenced to use it in Canada or to make it known in Canada or, if that person or his predecessor had not previously so used it or made it known, when that person or his predecessor filed an application for its registration in Canada. [emphasis added].

Act, supra para 19, s3.

[42] Healthward submits that Vaxco fails to establish either of the following: 1) prior use of its trademark under s.4 of the *Act*, or 2) making known of its trademark in Canada under s.5 of the *Act*. Accordingly, any use of Vaxco’s FLUSTOPPA trademark after public notice of Healthward’s

official mark is a violation of s.9(1)(n)(iii) of the *Act*. Finally, Healthward submits that the appellant judge erred in the application of the “Gillette Defence.”

1. Vaxco does not have prior use of its FLUSTOPPA trademark as per s.4

[43] The *Act* defines “use” in association with goods in s.4(1) and services in s.4(2). With respect to goods, s.4(1) states:

4(1) A trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

Accordingly, in the present case, the use must take place within Canada, with Vaxco’s FLUSTOPPA trademark displayed on the packaging or in any other manner associated with the goods when it is sold in the ordinary course of trade in Canada.

Act, supra para 19, s4.

[44] In its application for its FLUSTOPPA trademark, Vaxco listed the following goods: pharmaceutical preparations, diagnostic preparations and biological products for human use, namely, influenza vaccine; vaccine injectors; syringes; parts and fittings for vaccine injectors and syringes.

Trial, supra para 7 at para 7.

[45] None of the aforementioned goods have been purchased or administered in Canada by Canadians or shipped to Canadians for use in Canada. In fact, no goods at all have ever been used or distributed by Vaxco in Canada prior to the Registrar giving public notice of Healthward’s official mark. As a result, Vaxco fails to establish prior adoption or use of its FLUSTOPPA trademark in association with the applied for goods in Canada.

Trial, supra para 7 at para 4.

[46] The *Act* defines “use” in association with services in s.4(2):

4(2) 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.

Act, supra para 19, s4(2).

[47] To establish use pursuant to s.4(2) there are two requirements. First, the performance or advertising of services must take place in Canada. Second, the performance or advertising of services in Canada must provide a material benefit to Canadians—in Canada.

Porter v Don the Beachcomber, [1966] Ex.C.R. 982, 48 C.P.R. 280 at para 17 [*Porter*].
Marineland Inc v Marine Wonderland and Animal Park Ltd., [1974] 2 FC 558 at para 61, 64 [*Marineland*].
Miller Thomson LLP v Hilton Worldwide Holding LLP, 2020 FCA 134 at para 115 [*Hilton*].

[48] In its application for its FLUSTOPPA trademark, Vaxco listed the following services in association with FLUSTOPPA:

- (1) research and development services for pharmaceutical preparations and substances;
- (2) training relating to vaccination practices;
- (3) medical advice and information in connection with vaccination; and
- (4) retail, wholesale and distribution services online and in-store in the field of vaccination.

Trial, supra para 7 at para 7.

i. Performance of services

[49] Healthward submits that Vaxco fails to establish prior use of its trademark in association with the enumerated services. Vaxco entered the Canadian market and commenced operations in Canada in February 2019. Before this date, it did not engage in research and development services for pharmaceutical preparations and substances in Canada. Nor had Vaxco offered training services relating to vaccination practices in Canada.

Trial, supra para 7 at paras 4-6.

[50] Healthward also submits that Vaxco had not used its FLUSTOPPA trademark in performance of services that give medical advice and information in connection with vaccinations in Canada. The content regarding vaccines on Vaxco’s website does not give medical advice, nor

medical advice specifically to Canadians. Vaxco simply provides general information regarding the importance of vaccines on its website to anyone that happens to come across it.

Trial, supra para 7 at para 5.

[51] For performance of services to constitute use under s.4(2), the performance of services must take place in Canada. In discussing whether the possibility of access to foreign websites may be considered use in Canada, under s.4(2), Mactavish J in *Hilton* stated, “the ability of individuals in Canada to passively view content on a foreign website will be insufficient to constitute use of a mark in this country.” Vaxco’s website can be accessed by anyone, anywhere in the world, who can then read the general information about vaccines which gives context to Vaxco’s business. Canadians who happen to come across Vaxco’s website and read about the importance of vaccines are simply passively viewing a foreign website, they are not receiving medical advice. As such, Vaxco’s FLUSTOPPA trademark is not associated with a service that gives medical advice and information in connection with vaccinations in Canada—the website simply displays general information about vaccinations.

Hilton, supra para 47 at para 147.

[52] The final services that Vaxco applied for are retail, wholesale and distribution services online and in-store in the field of vaccination. Healthward submits that prior to public notice of Healthward’s official mark, Vaxco had not established use of its trademark in association with such services in Canada. Rather, these services have been provided *entirely* in the US. The only activity in which Canadians can engage in Canada with respect to Vaxco’s website is booking an appointment online to get a vaccine—in the US.

Trial, supra para 7 at para 5.

[53] In cases where services are delivered outside of Canada, courts have found use of a trademark in association with services in Canada when there is a clear material benefit provided

from these services in Canada. In *Hilton*, the Court noted that when Canadians book stays at Hilton hotels outside of Canada, they could receive loyalty reward points which may be redeemed in Canada. Therefore, the Court held that Hilton’s trademark was displayed in association with “hotel services” via online booking which provided Canadians with a material benefit.

Hilton, supra para 47 at paras 133, 136 and 147.

Motel 6 Inc v No 6 Motel Ltd, [1982] 1 FC 638, 127 DLR (3d) 267.

Unicast SA v South Asian Broadcasting Corp., 2014 FC 295 [*Unicast*].

[54] Healthward submits that the ability to book an appointment online to get a vaccine in the US does not constitute use under s.4(2) because it does not provide a material benefit to Canadians in Canada. Vaxco’s website simply allows people outside of the US to book an appointment to get a vaccine prior to arriving in the US.

[55] For the reasons stated above, Healthward submits that Vaxco has failed to establish use of its FLUSTOPPA trademark in association with performance of services in Canada. Therefore, Vaxco is prohibited from adopting and using its trademark in association with its intended services, unless it can establish use via advertising or making known.

ii. Advertising

[56] Vaxco also fails to establish use of its trademark in association with its services via advertising. Mere advertising is not enough to be considered “use” in Canada. Some aspect of the service must still be performed in Canada, providing a material benefit to Canadians. Vaxco engages in print and billboard advertising within cities along the US border for the purpose of encouraging Canadians to travel to the US to receive the vaccine. However, encouraging Canadians to cross the border to enjoy services in the US does not constitute performance of any aspect of any services in Canada. Healthward submits that any material benefit received from billboard advertisements is received in the US where the vaccines are administered, therefore there is no material benefit provided in Canada.

Porter, supra para 47 at para 17.
Marineland, supra para 47.
Hiton, supra para 47 at para 82.

[57] The final consideration is the website itself, which displays Vaxco's trademark. Simply displaying a trademark on a website which can be accessed from Canada (or anywhere in the world for that matter), does not constitute "use" in Canada under s.4 of the *Act*. Both the Federal Court and the Federal Court of Appeal, in *Unicast* and *Hilton* respectively, have emphasized the requirement of a material benefit specifically to Canadians, if not a physical presence in Canada, for an advertisement to constitute use under s.4(2). In *Hilton*, the Court stated that the "mere display of a mark on a website from outside of Canada will not suffice to establish use of the mark in this country in association with registered services." Likewise, the mere display of Vaxco's FLUSTOPPA trademark on its website, which anyone can stumble upon, does not constitute use by advertising in Canada.

Unicast, supra para 53 at para 47.
Hilton, supra para 47 at para 147.

[58] Even if Vaxco was able to establish prior use of its FLUSTOPPA trademark, it still would not be permitted to use the trademark. The enumerated goods and services with which Vaxco entered the Canadian market, after public notice of Healthward's official mark, are not an extension of Vaxco's prior conduct in Canada. The essence of the association of Vaxco's FLUSTOPPA trademark with activities conducted prior to Vaxco's entrance into the Canadian market was focused on maximizing Vaxco's ability to make a profit in the US. Upon entering the Canadian market, Vaxco changed the essence of the conduct with which the FLUSTOPPA trademark is associated, to focusing on gaining a profit in Canada. Ultimately, even if prior use is found, Vaxco is attempting to *enter* the Canadian market, and is adopting its FLUSTOPPA trademark for use in association with a *new* set of goods and services.

Royal Road, supra para 44 at paras 12-16.

[59] Ultimately, Healthward submits that Vaxco fails to establish that it used its FLUSTOPPA trademark in association with the advertising of its enumerated services in Canada prior to the public notice of Healthward's official mark. As such, Vaxco fails to establish use under s.4 of the *Act*. Furthermore, Vaxco fails to establish that its trademark was made known in Canada under s.5 prior to the public notice of Healthward's official mark.

2. Vaxco has not made its trademark known in Canada as per s.5

[60] The *Act* defines "made known in Canada" in s.5:

5 A trademark is deemed to be made known in Canada by a person only if it is used by that person in a country of the Union, other than Canada, in association with goods or services, and...

(a) the goods are distributed in association with it in Canada, or...

(b) the goods or services are advertised in association with it in

- i. any printed publication circulated in Canada in the ordinary course of commerce among potential dealers in or users of the goods or services, or
- ii. radio broadcasts ordinarily received in Canada by potential dealers in or users of the goods or services, ...

...and it has become well known in Canada by reason of the distribution or advertising.

Act, supra para 19 s.5.

A. Made known by advertising services

[61] Vaxco's goods are not distributed in Canada. Instead, Vaxco simply engages in print and billboard advertising in Canadian cities along the US border. Accordingly, only s.5(b) is relevant in the present case and the question is (i) whether Vaxco's services are advertised in association with its trademark in printed publication circulated in Canada in the ordinary course of commerce among potential dealers in or users of the services, and (ii) whether Vaxco's trademark has become well known in Canada by reason of the advertising.

[62] Vaxco's FLUSTOPPA trademark is on billboards in border cities and print advertisements that are circulated to encourage Canadians to cross the border. However, circulation of these

advertisements is restricted to cities at the US border. Healthward submits that this limited geographic scope of advertising fails to establish the second requirement of s.5.

Valle's Steak House v Tessier, [1980] 1 FC 441 at para 12 [*Valle's Steak House*].

B. Becoming well known in Canada

[63] The last step is to consider the wording at the end of s.5, which states: "...and it has become well known in Canada by reason of the distribution or advertising" (*emphasis added*). Therefore, it is insufficient that the trademark satisfies the requirements of s.5(b)(i), it must also have become well known in Canada.

[64] The Trial Judge found that Vaxco's FLUSTOPPA trademark is well known in the US, due to Vaxco's more than 20-year history of use in connection with manufacturing, distributing and selling flu vaccines in the US. However, Vaxco does not have the same commercial history in Canada, and there is no indication that its FLUSTOPPA trademark is well known in Canada.

Trial, supra para 7 at para 4.

[65] The Federal Court in *Robert C Wian Enterprises Inc. v Mady* was concerned with whether the Plaintiff's US trademark was "well known in Canada" so as to stop the defendants from registering and using the same trademark in Canada. The Federal Court held that a trademark can only be found to be well known in Canada under s.5 if knowledge of the mark "pervades the country to a substantial extent." Further, the Court in *Valle's Steak House* elaborated on this, and found that for a mark to be well known "it must be known in a 'substantial part' of the country." Additionally, the Federal Court found that "it is not enough for a mark to be known merely within the boundaries of some locality." Ultimately, the Court in *Valle's Steak House* held that the Plaintiff's US mark was well known in Canada because the Plaintiff had established that it was well known amongst citizen living in the eastern provinces, including Quebec,

Valle's Steak House, supra para 62 at para 13.

Robert C Wian Enterprise Inc v Mady, [1965] 2 ExCR 3, 46 CPR 147 at para 28.

[66] In the case at bar, the billboard advertising in which Vaxco engages is geographically limited to cities at the US border. This is a specific locality, which *Valle's Steak House* held does not constitute a trademark being well known in Canada under s.5. Ultimately, there is no indication that Vaxco's FLUSTOPPA trademark is well known in a substantial part of Canada.

Trial, supra para 7 at para 4.

[67] For the reasons stated, Vaxco fails to establish that its trademark has been made known in Canada. Vaxco has also failed to establish "use" of its FLUSTOPPA trademark in association with goods or services in Canada. As such, Vaxco did not adopt its FLUSTOPPA trademark in Canada prior to the public notice of Healthward's FLUSTOPPER official mark. Therefore, any use by Vaxco of its FLUSTOPPA trademark would constitute an adoption of a mark that so nearly resembles as to be mistaken for an official mark, violating s.9(1)(n)(iii) of the *Act*. Additionally, such use diminishes the public's ability to distinguish between Healthward, who is pursuing public benefit, from Vaxco, who is entering the market to increase its private profit.

3. The Appeal Court erred in the application of the 'Gillette Defence'

[68] The Appeal Court characterized Healthward's position as a catch-22 in which Healthward was attempting to enjoin the display of Vaxco's trademark while at the same time claiming such displays did not constitute use. This is a mischaracterization of Healthward's position.

Appeal, supra 16 at para 12.

[69] As submitted above, Healthward's position is that the activities in which Vaxco was engaged prior to February 2019 do not constitute use of its trademark in Canada. In February 2019, Vaxco entered the Canadian market and began displaying its trademark in association with goods and services *provided in Canada*. Having not previously used the trademark in Canada, these post-February 2019 displays constitute adoption after public notice of Healthward's official mark and

are thus prohibited under s.9(1)(n)(iii) of the *Act*. As it is only these activities which Healthward seeks to enjoin, the catch-22 of the Gillette Defence does not apply.

Appeal, supra para 16 at para 13.

4. Conclusion

[70] The *Act* provides a clear answer to both issues in dispute. (1) Vaxco is prohibited from registering its trademark in Canada because of the high degree of resemblance the trademark has to an official mark held by a public authority. (2) Vaxco is prohibited from using its trademark in Canada because its use constitutes adoption after the date of public notice of an official mark.

[71] Ultimately, Vaxco and Healthward play two different social roles. Healthward's role is to benefit the public, whereas Vaxco's role is to benefit shareholders. Allowing Vaxco to register and use its trademark in Canada despite Healthward's official mark would reduce the public's ability to differentiate between the two. In turn, this would diminish the public's ability to distinguish a company pursuing private profit, from an organization focused on benefiting the public by promoting health with free and accessible vaccination services.

PART V – ORDER REQUESTED

[72] Healthward respectfully requests that this appeal be allowed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Signed this day 12th of JANUARY, 2021

Team No. 1A

Counsel for Healthward

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