

**IN THE SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS**

BETWEEN:

**HEALTHWARD CANADA**

Appellant

- and -

**VAXCO LTD.**

Respondent

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**FACTUM OF THE APPLICANT/RESPONDENT**

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## PART I - OVERVIEW

1. This case is about a charity abusing the law of trademarks and leveraging an official mark that it should have never received. The Appellant, Healthward Canada (“Healthward”), received an official mark for the FLUSTOPPER mark. It is now attempting to block the Respondent, Vaxco Ltd. (“Vaxco”) from registering its FLUSTOPPA & Design trademark (“FLUSTOPPA design”) on the basis of s. 9(1)(n)(iii) of the *Trademarks Act*.
2. Healthward is an organization that specializes in public health and is headquartered in Toronto. Its mandate is to provide educational materials and vaccinations to underserved communities. However, it also engages in private dealings with an affiliate called Industries, wherein it licenses its official mark for royalties on Industries’ sales.
3. This appeal raises two issues. First, does Healthward’s FLUSTOPPER official mark prevent or otherwise restrict Vaxco’s use of the FLUSTOPPA design? Second, did the Registrar of Trademarks (“Registrar”) err in refusing to allow Vaxco’s FLUSTOPPA design registration given Healthward’s official mark?
4. The FLUSTOPPER official mark does not prevent or otherwise restrict Vaxco’s use of the FLUSTOPPA design. Vaxco had prior use of the FLUSTOPPA design in Canada, or at least made it known in Canada. If Vaxco’s mark is found not to have had prior use or making known in Canada relation to certain goods or services, then these goods or services are still close enough to Vaxco’s prior operations to be continued now.
5. Healthward does not have a valid official mark because it is not a public authority as contemplated by s. 9(1)(n)(iii) of the *Trademarks Act*. Healthward is not subject to the significant degree of governmental control required to qualify as a public authority. Additionally, Healthward leveraged its official mark to confer a private benefit, which invalidates its status as a public

authority. Even if Healthward is found to be a public authority, Vaxco's trademark registration still ought to have been granted on the basis that the FLUSTOPPA design does not sufficiently resemble the FLUSTOPPER official mark.

6. Vaxco submits that the Court of Appeal was correct in finding that: (1) Vaxco ought to be permitted to rely on its prior use to continue using the FLUSTOPPA design, and (2) Healthward is not a public authority, making its official mark invalid.

## **PART II – STATEMENT OF FACTS**

### **A. The Parties**

7. **Healthward:** The Appellant, Healthward Canada, is a registered charity, non-profit organization and owner of the FLUSTOPPER official mark. It is part of a global network of affiliated organizations specializing in public health issues relating to vaccination. Healthward is affiliated with an organization called Healthward Industries Corp (“Industries”). Industries is a for-profit Canadian corporation. It has been operating since the mid-1990s, manufacturing vaccines and medical supplies. Industries commercially supplies Healthward with vaccines and medical supplies (at market value) for use in Healthward's mobile clinics. Industries also supplies Canadian hospitals and other vaccination providers with vaccines and medical supplies.

*Vaxco Ltd v Healthward Canada*, 20 TCCIP 1222 at paras 2, 12, 13 [*Trial*].

8. **Vaxco:** The Respondent, Vaxco Ltd., is a U.S. corporation headquartered in Detroit, Michigan. Vaxco manufactures, distributes, and sells vaccines and related medical supplies. Additionally, Vaxco provides a variety of related services including distributing educational materials, giving medical advice, and operating vaccination clinics.

*Trial, supra* para 7 at para 1.

## **B. Vaxco's Operations**

9. Vaxco has been manufacturing, distributing, and selling flu vaccines under its well-known FLUSTOPPA design (reproduced below) for more than 20 years. Vaxco decided to expand its operations in Canada, and received Health Canada approval to sell the FLUSTOPPA vaccine in Canada in February 2019.



*Trial, supra* para 7 at para 4.

10. Vaxco provides educational information on vaccines and advertises its goods and services on [www.vaxco.com](http://www.vaxco.com). The website, which specifically targets Canadians, prominently features the FLUSTOPPA design. Additionally, there is evidence that Canadians used the website to research Vaxco's products and book appointments to receive its vaccines. Vaxco engages in billboard and print advertising in Canadian cities along the U.S. border. These advertisements encourage Canadians to receive the FLUSTOPPA vaccine.

*Trial, supra* para 7 at paras 5, 6.

11. Shortly after receiving Health Canada approval, Vaxco applied for a Canadian trademark for its FLUSTOPPA design. It sought to register the trademark in association with a variety of goods and services. The goods included: pharmaceutical preparations, diagnostic preparations and biological products for human use (namely, flu vaccines), vaccine injectors, syringes, and parts and fittings for vaccine injectors and syringes. The services included: research and development services for pharmaceutical preparations and substances, training relating to vaccination practices, medical advice and information in connection with vaccination, and retail, wholesale, and distribution services online and in-store in the field of vaccination. Vaxco's application was

rejected by the Registrar due to Healthward's official mark.

*Trial, supra* para 7 at paras 6-8.

### **C. Healthward's Operations**

12. Healthward began its operations in Canada in 2014. Healthward receives approximately 25% of its yearly operating expenses from private donations, licensing revenue, and returns from a sizable donation. The remaining funding comes from Health Canada, pursuant to an agreement it has with Healthward.

*Trial, supra* para 7 at para 9-11.

13. In 2015, Healthward and Health Canada entered into said funding agreement. As consideration, Health Canada is consulted on the curriculum and messaging for Healthward's education programs, entitled to appoint 2/5 seats on Healthward's board of directors, and allowed to identify underserved communities for vaccination programs. However, Healthward is permitted to terminate the agreement at any time. Additionally, should Healthward breach the terms of the agreement, Health Canada may only claw back a portion of the funding it provided.

*Trial, supra* para 7 at para 9-11.

14. Healthward received public notice of adoption and use of the FLUSTOPPER official mark from the Registrar in January 2019. Thereafter, Healthward authorizes its affiliate, Industries, to use the FLUSTOPPER official mark in exchange for royalties on products Industries sells to third parties. Industries is a direct competitor with Vaxco in the vaccination market and is aware of both Vaxco's pending approval to expand into Canada and its FLUSTOPPA design.

*Trial, supra* para 7 at paras 8, 13.

### **D. Procedural History**

15. **The Registrar:** Vaxco sought to register the FLUSTOPPA design. The Registrar refused Vaxco's application pursuant to s. 12(1)(e) of the *Trademarks Act*, citing the FLUSTOPPER

official mark. Vaxco sought judicial review and commenced an application to the Trial Court of Canada, Intellectual Property Division. Healthward also submitted an application before the Court, seeking both an injunction preventing Vaxco from using the FLUSTOPPA design in Canada and a declaration that Vaxco's use of the FLUSTOPPA design infringes on its official mark.

*Trial, supra* para 7 at paras 3, 7, 8.

16. **Trial Decision:** Coff J. upheld the decision of the Registrar and granted Healthward's application for an injunction.

*Trial, supra* para 7 at para 15.

17. **Appeal Decision:** Ailes J.A. overturned the decision of the trial court on both grounds, holding that Healthward was not a public authority as contemplated by the *Trademarks Act*, and that in any case, Vaxco may rely on its prior use to continue using the FLUSTOPPA design.

*Vaxco v Healthward Canada*, 2020 CAIP 333, at paras 4-8 [*Appeal*].

### **PART III – POINTS IN ISSUE**

18. There are two points in issue in this appeal:

1. Does Healthward's FLUSTOPPER official mark prevent or otherwise restrict Vaxco's use of the FLUSTOPPA design?
2. Did the Registrar err in refusing to allow Vaxco's FLUSTOPPA design registration given Healthward's official mark?

### **PART IV – ARGUMENTS IN BRIEF**

**Issue 1: Healthward's FLUSTOPPER official mark does not prevent or otherwise restrict Vaxco's use of the FLUSTOPPA design.**

19. The Court of Appeal was correct in determining that, even if Healthward holds a valid official mark, it does not prevent or otherwise restrict Vaxco's use of the FLUSTOPPA design. Sub-paragraph 9(1)(n)(iii) of the *Trademarks Act* prevents the adoption of a mark which consists

of, or so nearly resembles as to be likely mistaken for, an official mark in Canada. Section 3 of the *Act* defines adoption as the use or making known of the mark in Canada. As established in *Canadian Olympic Assn v Allied Corp*, s. 9 “does not retroactively prohibit the adoption of marks”. In that case, a corporation was not prohibited from continuing to use the mark “Olympian”, since it had adopted the mark in Canada prior to public notice of “Olympian” becoming an official mark.

*Appeal, supra* para 17.

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

*Canadian Olympic Assn v Allied Corp*, [1990] 1 FC 769, [1989] FCJ No 1129 (FCA) at para 8 [*Allied Corp*].

20. Even if Healthward’s official mark is valid, Vaxco is not prohibited or restricted from using the FLUSTOPPA design since it adopted this mark before public notice of the FLUSTOPPER official mark was given. Vaxco submits that it adopted its FLUSTOPPA design before public notice was given of Healthward’s official mark on the basis that: (A) Vaxco has prior use of its mark in Canada, (B) Vaxco has made its mark known in Canada, and (C) even if Vaxco cannot establish prior use or making known, its goods and services are still so closely related to its former operations, that they should be allowed.

A. Vaxco’s prior use of the FLUSTOPPA design in Canada.

21. Subsection 4(2) of the *Act* deems a trademark to be used in association with services “if it is used or displayed in the performance or advertising of those services”. In order for there to be use of a mark in association with services for foreign companies, the service “must be effectively offered to Canadians or performed in Canada” and it must provide a material benefit to Canadians.

*Act, supra* para 19 at s 4(2).

*Unicast SA v South Asian Broadcasting Corp*, 2014 FC 295 at para 46 [*Unicast*].

*Société nationale des chemins de fer français v Venice Simplon-Orient-Express*, [2000] FCJ No 1897, 9 CPR (4th) 443 at para 8 [*Orient-Express*].

*Heenan Blaikie LLP v Sports Authority Michigan Inc*, 2011 FC 273 at para 17 [*TSA Stores*].

*Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 115 [*Hilton*].

22. Contrary to Healthward’s position, Vaxco has established prior use of its mark in relation



to its medical advice and information service as it is providing a material benefit to Canadians. Vaxco's website offers Canadians valuable educational information about the importance of vaccines, as well as its other products and services. In *TSA Stores*, a foreign retailer established use of its mark in Canada in relation to retail store services, despite the fact that it had no brick and mortar stores in Canada. This was due to the fact that the store's website had useful information for consumers, such as information and guidance on its products, a glossary of industry-specific terminology, and a store locator feature. The Court held that accessing the retailer's website was akin to visiting a physical store and "benefiting from a discussion with a knowledgeable salesperson". Analogously, visiting the Vaxco website is akin to speaking with a nurse or doctor at one of Vaxco's clinics for Canadians seeking educational information about vaccines or the administration of Vaxco vaccines.

*Factum of the Appellant*, Team 12A, at para 38 [*Healthward's Factum*].  
*TSA Stores*, *supra* para 21 at para 19.

23. The present case is also distinguishable from other cases such as *Unicast*, where a Swiss radio station did not establish use of its mark in Canada in relation to its radio broadcasting services. In *Unicast*, the radio station live streamed its broadcast online, which was accessible to anyone on the internet, including Canadians. The Court held it did not establish use of its mark in Canada because it did not target Canadians with its website. Vaxco actively targets Canadians with its website and has, therefore, "effectively offered" its services to Canadians.

*Unicast*, *supra* para 21 at paras 46 and 64.  
*Trial*, *supra* para 7 at para 5.

24. The present case is also distinguishable from *Live! Holdings, LLC v Oyen Wiggs Green & Mutala LLP*, where a U.S. company did not establish use of its mark in Canada in relation to several of its services, including advertising and marketing services for others. *Live!*, a U.S.

company, featured its mark on several websites for hotels, shopping outlets, restaurants, and related venues located in the U.S. The websites were accessed by Canadians, however, the Court still held that there was no use of the mark since there was no “tangible and meaningful benefit simply by accessing a website which made [Canadians] aware of events or hotels in the US”. Vaxco’s website goes beyond simply making its customers aware of the existence of its clinics. The purpose of Vaxco’s website is to facilitate booking of appointments, in addition to educating its customers on the importance of vaccination.

*Live! Holdings, LLC v Oyen Wiggs Green & Mutala LLP*, 2019 FC 1042 at para 92 [*Live!*].  
*Trial, supra* para 7 at para 5.

25. Vaxco also established prior use of its retail, wholesale, and distribution services through its website booking service, which provided a material benefit to Canadians. An analogous case, *Hilton*, dealt with an American hotel company that offered booking services to Canadians, but did not have a hotel in Canada. Two factors were considered by the Court in its decision: (1) the scope of the services, and (2) the benefits to consumers present in Canada. The Court held that the hotel company established use in Canada because the scope of its hotel services included booking services. These booking services provided the material benefit to Canadians of being able to "reserve a particular type of hotel room at a specific...hotel in a particular location for a specified (and potentially discounted) price".

*Hilton, supra* para 21 at para 130.

26. Vaxco is in a very similar situation. Although its vaccines are administered in the U.S., Canadians can book their appointment to receive the vaccine in advance. This booking service should be considered as part of the retail, wholesale, and distribution service offered by Vaxco, since it would be difficult to operate these services without the ability to book an appointment. Just like in *Hilton*, the booking service is providing the similar benefit to Canadians of being able

to book an appointment at a specific time, at a certain Vaxco site, to receive a particular vaccine for a given price. Therefore, by offering the booking service directly to Canadians, Vaxco has established prior use of the FLUSTOPPA design in relation to its retail, wholesale, and distribution services.

*Trial, supra* para 7 at para 5.

B. Vaxco's making known of the FLUSTOPPA design in Canada.

27. Paragraph 5(b) of the *Act* states that:

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

(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.

The U.S. is a country of the Union. Vaxco used print and billboard advertising to encourage Canadians to purchase a vaccine, travel to the U.S., and receive the vaccine.

*Act, supra* para 19 at s 5(b).

World Trade Organization, "Understanding the WTO: The Organization Members and Observers" (2021), online: *World Trade Organization* <[https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm)>.

28. Vaxco advertises in Canadian border cities, which Vaxco submits is a significant enough portion of the country to establish its mark as being well known in Canada. This was seen in *E&J Gallo Winery v Andres Wines*, where a U.S. wine company established its mark as being well known in Canada. The US company had advertised its goods on American TV stations along the Canadian border. The company proved that these advertisements had the potential of reaching over 51% of Canadians and had actually been viewed by a large number of Canadians. Vaxco's advertisements similarly target Canadians in border cities and therefore reach a significant enough

number of Canadians to establish its mark as being well known.

*E&J Gallo Winery v Andres Wines*, [1976] 2 FC 3 at para 14 and 18 [*E&J Gallo*].  
*Trial, supra* para 7 at para 5.

29. Advertisements from foreign mark owners have previously amounted to making known of a mark in relation to a service in Canada. In *Valle's Steak House v Tessier*, a foreign restaurant owner, without a restaurant in Canada, made its mark known in Canada through print advertisements and TV broadcasts. Even without a physical location in Canada, Vaxco's advertisements have made its mark well known in Canada in relation to its services.

*Valle's Steak House v Tessier*, [1981] 1 FC 441, 49 CPR (2d) 218 [*Valle's*].

#### C. Goods or services as a natural brand extension for Vaxco.

30. Any goods or services for which Vaxco may not have established prior use or making known are still within the same realm of its other goods and services (healthcare products and related services). It is a natural brand extension for Vaxco's FLUSTOPPA design to also be associated with these goods or services. In *Remo Imports v Jaguar Cars*, the Court allowed Jaguar's luxury car mark to extend to also cover luxury luggage, even though luxury luggage was of a slightly different category. This was allowed since it was a "natural brand extension" for Jaguar. For Vaxco, its research and development service, for example, may be considered a natural brand extension since this service is required to update and improve its flu vaccines. Its training service is also a natural brand extension since it is required for Vaxco to administer its vaccines. For these reasons, Vaxco should be allowed to use the FLUSTOPPA design in association with any goods or services for which Vaxco has not established prior use or making known.

*Remo Imports Ltd v Jaguar Cars Ltd*, 2007 FCA 258 at para 17 [*Jaguar*].

#### D. Analogy to the Gillette Defence.

31. As stated by Ailes J.A. in the appeal decision, below, Healthward is in a "catch-22" position

that is similar to the “Gillette Defence” in patent law. The “Gillette Defence” deals with a situation where one party’s product existed before the priority date of a second party’s patent. If the first party’s product falls within the scope of the patent, then the patent must be invalid for lack of novelty. If the product does not fall within the scope of the patent, then there is no infringement.

*Appeal, supra* para 17 at para 12.

*Gillette Safety Razor Co v Anglo-American Trading Co Ltd*, [1913] 30 RPC 465 (HL) [*Gillette*].

32. The Court of Appeal was correct to draw an analogy to the “Gillette Defence” in the present case, since there is a similar logical conclusion to be drawn from the language of s. 9 of the *Act* and the manner in which the s. 9 prohibition operates. Vaxco’s activities have been ongoing since before the date of public notice of Healthward’s official mark. As a result, if Vaxco’s activities amount to “use” of its mark, Vaxco must be allowed to continue using its mark since the s. 9 prohibition is not retroactive. Conversely, if Vaxco’s activities do not amount to “use” of its mark, then its activities do not fall under the purview of the *Act* and cannot now be prohibited by s. 9.

*Appeal, supra* para 17 at para 12.

*Allied Corp, supra* para 19 at para 8.

33. For all the reasons discussed above, Vaxco has established use or making known of its mark in association with its goods and services. The Gillette Defence may be applied to determine that Vaxco must be allowed to continue using its mark. Any change in the specific nature of Vaxco’s use since the date of public notice of the official mark is irrelevant, since use or making known of the mark in association with the same goods and services had already commenced before this date. Alternatively, if Vaxco has not established prior use or making known of its mark, then there still cannot be a complete prohibition on its mark in relation to certain activities. Many of Vaxco’s activities, including the use of its mark on its website and in its advertisements, have not changed since before public notice of the official mark. If these activities do not amount to “use”

of the mark, then they don't fall within the purview of the *Act* and must be allowed.

**Issue 2: The Registrar erred in refusing to allow Vaxco's FLUSTOPPA design registration given Healthward's official mark.**

34. The Court of Appeal was correct in finding that Healthward is not a public authority as contemplated by s. 9(1)(n)(iii) of the *Act* for two reasons: (1) Healthward is not subject to a significant degree of governmental control; and (2) Healthward uses its official mark to confer a private benefit, contravening the requirements of a public authority to act in the public benefit. The Court of Appeal was also correct in holding that if Healthward has a valid official mark, Vaxco's FLUSTOPPA design does not sufficiently resemble the FLUSTOPPER official mark so as to be likely mistaken by a person with an imperfect recollection of Healthward's mark.

*Appeal, supra* para 17 at paras 4-8.

A. Healthward is not a public authority as contemplated by s. 9(1)(n)(iii) of the *Act*.

35. Sub-paragraph 9(1)(n)(iii) of the *Act* states that:

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 mistaken for,

(n) any badge, crest, emblem or mark

(iii) adopted and 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 at s 9(1)(n)(iii).

36. Vaxco submits that if this Court finds that Healthward is not a public authority then s. 9(1)(n)(iii) should not apply and that the official mark is of no effect. The incoming amendments to the *Act* (s. 9(3) and (4)) suggest that Parliament is creating a statutory pathway for official mark expungement through negating a public authority's status. The test for whether an entity is a public authority was stated by the Federal Court of Appeal as a two-part test in *Assn of Architects*

*(Ontario) v Assn of Architectural Technologists (Ontario)*. The Court held that two factors must be examined in determining whether an entity is a public authority as contemplated by the *Act*: (1) whether the body is subject to a significant degree of governmental control, and (2) whether the body must be required to dedicate any profit earned for the benefit of the public and not for private benefit.

*Budget Implementation Act*, No 2, SC 2018, c 27, s 215 [*Budget Implementation Act*].  
*Assn of Architects (Ontario) v Assn of Architectural Technologists (Ontario)*, 2002 FCA 218 at para 47-52 [*Architects*].

*i. Healthward is not subject to a significant degree of governmental control.*

37. The Courts have considered a number of factors in their analysis for determining significant governmental control, including: (1) ongoing government supervision of the organization's activities, (2) ongoing government influence in the organization's decision making, (3) substantial funding from the government with control over the use of the funding, and (4) that the government be a Canadian government.

*Big Sisters Assn of Ontario v Big Brothers of Canada*, [1997] FCJ No 627, 75 CPR (3d) 177 at paras 51, 59 [*Big Sisters*].  
*Canada (Registrar of Trade Marks) v Canadian Olympic Assn*, [1983] 1 FC 692, 139 DLR (3d) 190 at para 30 [*Olympic Assn*].  
*Canada Post Corp v United States Postal Service*, 2007 CAF 10 at para 1 [*USPS*].

38. The contractual relationship between Healthward and Health Canada is indicative of Healthward's significant degree of autonomy, which is consistent with that of arms-length commercial parties. Healthward may terminate this arrangement at any time, and Health Canada can only receive a portion of its funding back. Vaxco submits that this degree of supervision, influence, and funding is not significant enough to qualify Healthward as a public authority.

*Trial, supra* para 7 at para 11.

39. A similar situation arose in *TCC Holdings Inc v Families as Support Teams Society*. In that case, Families as Support Teams Society's ("FAST") official mark blocked the registration of a

trademark by TCC Holdings, who then challenged FAST's status as a public authority.

*TCC Holdings Inc v Families as Support Teams Society*, 2014 FC 830 at paras 8,9 [*TCC Holdings*].

40. The Federal Court held that FAST was not a public authority. In coming to this decision, the Court considered two conditions which had been imposed by the Canadian government on FAST. First, FAST had been given \$25,000 under the condition that it acknowledge its association with the government in all its promotional material. Second, all employees hired by FAST had to have been referred by a Canada Employment Centre. The Federal Court held that neither condition constituted "ongoing government supervision" nor did they individually or collectively constitute "significant governmental control".

*TCC Holdings, supra* para 39 at paras 25, 26, 28.

41. Analogously, the conditions placed on Healthward by Health Canada do not rise to the required level of ongoing government supervision or significant governmental control. Healthward's funding from Health Canada is contingent upon its free vaccination program for underserved communities and Health Canada is permitted to appoint 2/5 directors on Healthward's board. Both conditions are indicative of a lack of significant governmental control, as found in *TCC Holdings*.

*Trial, supra* para 7 at para 11.

*TCC Holdings, supra* para 39 at para 31.

42. The Federal Court has made it clear that if a charity is reliant on its funding, to the extent that without that funding the charity is not viable, then this is indicative of significant governmental control. On this basis, the Federal Court in *See You In-Canadian Athletes Fund Corp v Canadian Olympic Committee* affirmed the Registrar's decision that the Canadian Olympic Committee was under significant governmental control.

*See You In-Canadian Athletes Fund Corp v Canadian Olympic Committee*, 2007 FC 406 at para 61



[*Athletes Fund*].

43. The present circumstances are distinguishable. Healthward receives funding other than that provided for by Health Canada. Additionally, Healthward has operations outside of the administration of vaccines, such as providing educational materials on vaccination. This portion of Healthward's operations can survive without Health Canada's funding.

*Trial, supra* para 7 at para 2.

44. Health Canada appoints only 2/5 directors on Healthward's board. However, the power to appoint directors is not determinative of significant governmental control. Additionally, Health Canada does not have a controlling influence over Healthward because it does not appoint a majority of the directors.

*Trial, supra* para 7 at para 11.

*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 [*Chinese Medicine*].

45. In *Chinese Medicine*, the Federal Court was tasked with determining whether the College of Traditional Chinese Medicine was a public authority. The Court identified several factors that would constitute a significant degree of governmental control. One such factor is the government's power to appoint members to the board.

*Chinese Medicine, supra* para 44 at para 36.

46. However, the Court also held that the presence of any one factor is not determinative of the issue of significant degree of governmental control. The analysis must be contextual and consider a weighing of all the factors. The Court also looked at other factors, specifically that the College provided audited financial reports to the Minister of Health as well as the College's designation as a public body under the relevant statute. It was these facts that aided the Court in determining that the College was a public authority. There are no analogous facts in the present

case that would suggest a finding of control.

*Chinese Medicine*, *supra* para 44 at para 38.

ii. *Healthward abuses its status as a public authority to confer a private a benefit.*

47. Healthward is a registered charity, and while some charitable organizations benefit the public, simply being a charity does not meet the requirement for a public authority under the *Act*. In *Canadian Jewish Congress v Chosen People Ministries Inc*, Sexton J.A. held that a charity's compliance with applicable laws is not sufficient to qualify it as a public authority pursuant to s. 9(1)(n)(iii) of the *Act*.

*Canadian Jewish Congress v Chosen People Ministries Inc*, 2003 FCA 272 at para 4 [*Jewish Congress*].

48. In *Athletes Fund*, the Court held that an applicant who was unable to identify a private benefit would be unsuccessful on this ground of judicial review. This has been interpreted to mean that the public benefit requirement can be defined by a lack of private benefit. The Courts are not restricted to looking at just the use of profits in analyzing the public benefit aspect of the test. The Courts are also entitled to look at a body's functions, including its objects, duties, and powers, and the distribution of its assets. The FLUSTOPPER official mark is one such asset.

*Athletes Fund*, *supra* para 42 at para 64.

Andre Slane, "Guiding a Cultural Icon: Concurrent Intellectual Property Regimes and the Perpetual Protection of Anne of Green Gables in Canada" (2011) 56 McGill LJ 1011 at 1047 (QL).

*Architects*, *supra* para 36 at para 52.

49. There is no requirement that the private benefit contemplated by the test in *Architects* be restricted to Healthward. To assert otherwise would be inconsistent with the purpose of s. 9(1) of the *Act*. The purpose of the official mark regime is to protect public authorities from commercial exploitation by private entities. The official mark regime is designed to prevent private benefit (commercial exploitation), so that the official mark stays connected with the public benefit of the

public authority.

*Carson v Reynolds*, [1980] 2 FC 685, 115 DLR (3d) 139 at para 8 [*Carson*].

50. Healthward is affiliated with Industries and licenses the FLUSTOPPER official mark to Industries in exchange for royalties. Contrary to *Healthward's Factum*, this arrangement directly contradicts the purpose of an official mark and should not be permissible. Trademarks exist to allow for private entities to distinguish their goods or service from others. An official mark does not require this distinctiveness, and Industries' use of an official mark to promote its business is an abuse of the official mark regime.

*Trial, supra* para 7 at para 13.

*Healthward's Factum, supra* para 22 at para 33.

51. Vaxco is adversely affected by this arrangement. Vaxco is a direct competitor with Industries. Industries has received several advantages over Vaxco through its dubious arrangement with Healthward, including: (1) no expiration date of the official mark, (2) no examination for conflicts prior to publication for the official mark, (3) no examination for descriptive/misdescriptive flaws for official marks, (4) no limitation to use in association with a well-defined statement of wares or services for an official mark, and (5) once public notice has been given with respect to adoption and use of an official mark, it is "hardy and virtually unexpungeable". Industries uses this official mark, and all the goodwill and benefits associated with it (which are funded by the government), to sell its products to third parties and gains a private benefit over its competitor, Vaxco. Thus, the public benefit (royalties) Healthward experiences is directly tied to Industries' performance and use of the official mark in the private health care market, as the royalties are made only on Industries' sales to third parties (in competition with Vaxco). Healthward's use of the official mark in this manner is inconsistent with the purpose of the official mark regime as contemplated by Parliament, as it facilitates the commercial

exploitation of the official mark by its affiliate Industries.

*Trial, supra* para 7 at para 13.

Colin McDonald, “Official Marks: Are there any Limits to this Branding Power?” (2003) 17 IPJ 83 (WL).  
*Mihaljevic v British Columbia* (1988), 23 CPR (3d) 80, 22 FTR 59 at para 89 [*Mihaljevic*].

B. Vaxco’s FLUSTOPPA design does not sufficiently resemble Healthward’s FLUSTOPPER official mark.

52. The *Act*, in s. 9(1), sets out the framework for the legal test in stating that: “No person shall adopt in connection with...or so nearly *resembling* as to be likely to be mistaken for”. *The Queen v Kruger* confirms that the applicable test under s. 9(1) is the resemblance between the official mark and the trademark. Official marks are afforded a much narrower scope of protection than trademarks, as the test is strictly a resemblance analysis as opposed to a full confusion analysis for trademarks.

*Act, supra* para 19 at s 9(1) [emphasis added].

*The Queen v Kruger* [1978] TMOB No 109 at para 12 [*Kruger*].

53. The legal test of resemblance was applied in *Techniquip Ltd v Canadian Olympic Assn*, which stated that the resemblance test asks: “Whether a person, on a first impression, knowing the opponent’s mark only and having an imperfect recollection of it, would likely be deceived or confused by the applicant’s mark.”

*Techniquip Ltd v Canadian Olympic Assn*, [1998] FCJ No 280, 80 CPR (3d) 225 (FC) at para 16  
[*Techniquip*] (affd’ on appeal; [1999] FCJ No 1787, 3 CPR (4th) 298).

54. In the present case, Vaxco’s FLUSTOPPA design does not resemble Healthwards’s FLUSTOPPER official mark. In assessing the degree of resemblance under s. 9(1), the test is not restricted to visual comparison. Therefore, regard may be had to the factors set out in s. 6(5)(e) of the *Act*, which states (referring to a confusion analysis): “the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them”. Additionally, the marks must not be dissected into their components, but must be considered in

their totality.

*Canadian Broadcasting Corp/Société Radio-Canada v Big Mountain Coffee House & Roasters Ltd*, 2014 TMOB 240 at para 41 [*Big Mountain*].

*Big Sisters*, *supra* para 37 at para 64.

*Act*, *supra* para 19 at s 6(5)(e).

*Commscope Inc v Signamax Inc*, 2012 TMOB 183 at para 44 [*Commscope*].

55. In considering the degree of resemblance, the design component of Vaxco's FLUSTOPPA design distinguishes it from Healthward's FLUSTOPPER official mark. The design is sufficiently distinguishing such that a person only knowing Healthward's mark would not be deceived or confused by Vaxco's mark.

56. In *Masterpiece Inc v Alavida Lifestyles Inc*, the Supreme Court of Canada advised that the preferable approach when comparing marks is to begin by determining whether there is an aspect of the mark that is particularly striking or unique. Vaxco's mark is more striking or unique because of the design element, which includes a drawing of a syringe with the word "FLUSTOPPA" above it. It is particularly striking when contrasted with Healthward's official mark, which bears no design.

*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 64 [*Masterpiece*].

57. This principle was applied in *Pacific Carbon Trust Inc v Carbon Trust* where the Trademarks Opposition Board (TMOB) rejected the ground of opposition under s. 12(1)(e) and s. 9(1)(n)(iii) of the *Act*. Notwithstanding that the official mark ("THE CARBON TRUST") appeared in the applied for trademark, the TMOB held that the two marks did not sufficiently resemble each other to support the ground of opposition. In reaching this conclusion, the TMOB found that the visual element (a footprint design) was the most striking element of the mark.

*Pacific Carbon Trust Inc v Carbon Trust*, 2012 TMOB 98 at para 11-24 [*Carbon Trust*].

58. Another factor considered as a part of the resemblance analysis under s. 6(5)(e) of the *Act* is the degree of resemblance in sound. Vaxco submits that the phonetic difference between

FLUSTOPPA (Vaxco’s mark) and FLUSTOPPER (Healthward’s mark) would assist a person in distinguishing the two marks.

*Act, supra* para 19 at s 6(5)(e).

59. Vaxco submits that when the two marks are considered in their totality, they do not have a sufficient degree of resemblance such that a consumer with imperfect recollection would mistake the two marks. This consumer would be able to distinguish between Healthward’s official mark and Vaxco’s design. Additionally, they would be assisted by Vaxco’s visual element in conjunction with the phonetic difference between the words “FLUSTOPPER” and “FLUSTOPPA”.

**Conclusion.**

60. Healthward is abusing the official mark regime and the FLUSTOPPER mark should not be protected under s. 12(1)(e) and s. 9(1)(n)(iii) of the *Act*. Vaxco submits that the Court of Appeal was correct in finding that Vaxco ought to be permitted to rely on its prior use and continue using the FLUSTOPPA design. Vaxco also submits that the Court of Appeal was correct in finding that Healthward is not a public authority and that Healthward’s official mark is invalid.

**PART V – ORDER REQUESTED**

61. Vaxco respectfully requests that this Court uphold the decision of the Court of Appeal, and that Healthward’s appeal be dismissed.

DATE: January 26, 2021

All of which is respectfully submitted

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Team No. 1R

Counsel for the Respondent

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Court File No. 1R

HEALTHWARD CANADA - and -  
(Respondent/Appellant)

VAXCO LTD.  
(Applicant/Respondent)

**Supreme Moot Court,  
Intellectual Property Appeal  
Division**

Proceedings commenced at Toronto

**FACTUM OF THE  
APPLICANT/RESPONDENT**

Solicitors for the  
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