

IN THE SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

BETWEEN:

HEALTHWARD CANADA

Appellant

– and –

VAXCO LTD.

Respondent

FACTUM OF THE APPELLANT

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PART I – OVERVIEW

1. This appeal will have significant implications for the scope of the protection that the official mark regime grants public authorities: it will affect what types of organizations can be considered public authorities and the types of unauthorized uses of trademarks that these authorities can validly enjoin. This Court’s decision will determine whether the appellant can exercise its rights in an official mark to prevent the respondent’s improper use of a trademark in Canada.

2. The appellant, Healthward Canada (“Healthward”), is a Canadian registered, non-profit charity with an important public health role. In January 2019, the Registrar of Trademarks (the “Registrar”) granted official mark status to Healthward’s official trademark, FLUSTOPPER.¹ Despite notice of Healthward’s official mark, the respondent, Vaxco, Ltd. (“Vaxco”), adopted the nearly identical FLUSTOPPA & Design mark (“the FLUSTOPPA mark”) in Canada. Both Vaxco’s and Healthward’s marks are used in association with flu vaccines. Vaxco’s infringing use of the FLUSTOPPA mark threatens Healthward’s ability to provide a public health benefit to Canadians as the presence of both marks in Canada may lead Canadians to take a vaccine they did not intend to take and suffer negative health consequences as a result.

3. This appeal raises four issues, all of which must, and should, be resolved in Healthward’s favour. First, is Healthward a public authority entitled to its official mark FLUSTOPPER? It is. Second, does Vaxco’s FLUSTOPPA mark so nearly resemble Healthward’s official mark FLUSTOPPER as to likely be mistaken for Healthward’s mark? It does. Third, is Healthward entitled to an injunction preventing Vaxco from using its FLUSTOPPA mark in Canada? It is. Fourth, did Vaxco adopt the FLUSTOPPA mark in Canada before the notice of Healthward’s official mark? It did not.

¹ *Vaxco Ltd v Healthward Canada*, 20 TCCIP 1222 at paras 2, 8 [*Vaxco Trial*].

4. Only a public authority in Canada can claim the benefit of an official mark. Healthward is a public authority entitled to an official mark because Health Canada exercises a significant degree of ongoing control over Healthward's activities, and because Healthward's education programs and mobile vaccination clinics provide the public with significant health benefits.

5. Section 9(1) of the *Trademarks Act* (the "*Act*") prohibits adoption of any mark in connection with a business, as a trademark or otherwise, which so nearly resembles an official mark as to likely be mistaken for it.² Vaxco's mark is likely to be mistaken for Healthward's official mark, because Vaxco's mark is identical to the first portion of Healthward's official mark. The differences in Vaxco's mark are too minor to overcome the similarities in the marks.

6. Because Healthward's official mark is valid and Vaxco's mark is nearly identical to it, Healthward is entitled to enjoin Vaxco's adoption of its FLUSTOPPA mark in Canada. Had Vaxco adopted its mark in Canada prior to notice of Healthward's official mark, it could have continued its prior use, but only in association with the same goods or services with which it had previously used the mark. However, Vaxco's activities did not constitute prior adoption, and Vaxco therefore has no right to use its FLUSTOPPA mark in Canada.

PART II – STATEMENT OF FACTS

7. **The Appellant:** Healthward provides educational programs on vaccines and runs free mobile vaccination clinics. Health Canada funds 75% of Healthward's yearly operating expenses, pursuant to a contractual funding agreement with Healthward. Healthward uses these funds to provide its public services. The funding agreement entitles Health Canada to (1) consult on Healthward's curriculum and messaging; (2) direct Healthward to provide mobile clinical services to specific underserved communities; and (3) appoint two of the five members of

² *Trademarks Act*, RSC 1985, c T-13, s 9(1) [*Act*].

Healthward's board of directors. Each party has termination rights under the agreement, and Health Canada can claw back a portion of Healthward's funding if Healthward fails to serve Health Canada's chosen communities. Healthward has never exercised its termination right. Healthward's remaining revenue comes from private donations, returns from an endowment fund, and licensing revenue.³

8. After the Registrar granted Healthward rights in an official mark, Healthward authorized its affiliate, Healthward Industries Corporation ("Industries"), to use the FLUSTOPPER mark. Industries manufactures Canadian medical supplies and vaccines, supplies them to Healthward at a fair market price, and pays Healthward royalties on products it sells to third parties.⁴

9. **The Respondent:** Vaxco is a U.S. corporation engaged in manufacturing and selling vaccines and medical supplies and operating vaccine clinics. It uses its FLUSTOPPA mark in the U.S. in association with its goods and services.⁵ Vaxco's FLUSTOPPA vaccine was not approved for use in Canada until one month after the Registrar gave notice of Healthward's official mark FLUSTOPPER.⁶ Industries (a competitor of Vaxco) was aware of Vaxco's intent to attempt to enter the Canadian market.⁷

10. Before Vaxco received regulatory approval to enter the Canadian market, the trial judge found that Vaxco (1) advertised its vaccine services in print and billboard form in Canadian cities along the U.S. border; (2) shipped its vaccines through Canada to Europe; and (3) operated a website featuring the FLUSTOPPA mark which provided information on Vaxco's products and services and the importance of vaccines.⁸ An unknown number of Canadians had used Vaxco's website to research Vaxco's vaccines and to pay to book appointments for vaccinations at

³ *Vaxco Trial*, *supra* note 1 at paras 10-11.

⁴ *Ibid* at paras 12-13.

⁵ *Ibid* at para 1.

⁶ *Ibid* at para 6.

⁷ *Ibid* at para 13.

⁸ *Ibid* at paras 4-5.

Vaxco's U.S. clinics.⁹ Following the Canadian regulatory approval (and after Healthward received its official mark status) Vaxco began selling its vaccines in Canada.¹⁰

11. In March 2019, Vaxco applied to register its FLUSTOPPA & Design trademark. Vaxco's FLUSTOPPA mark consists of two components: the word FLUSTOPPA and an image of a syringe beneath the word.¹¹



12. The Registrar denied Vaxco's application because its mark was unregistrable under the *Act* due to Healthward's official mark.¹² Vaxco applied to the Trial Court of Canada to have Healthward's official mark declared invalid. Healthward applied for a declaration that Vaxco's use of FLUSTOPPA in Canada infringes Healthward's official mark, and to enjoin this use.

13. **Trial Decision:** Coff J. affirmed the Registrar's decision to reject Vaxco's trademark application. Coff J. held that Healthward was a public authority because it (1) was subject to significant government control given its charitable status and funding agreement with Health Canada, and (2) provided a benefit to the public through its education campaigns and vaccine services.¹³ Applying a confusion analysis under section 6(5) of the *Act*, Coff J. held that Vaxco's FLUSTOPPA mark was "confusingly similar" to Healthward's FLUSTOPPER mark.¹⁴ Coff J. granted Healthward an injunction prohibiting Vaxco's use of its FLUSTOPPA mark, because Vaxco had not established use in Canada that predated notice of Healthward's official mark.¹⁵

⁹ *Ibid* at para 25.

¹⁰ *Ibid* at para 6.

¹¹ *Ibid* at para 8.

¹² *Act*, *supra* note 2 at s 12(1)(e).

¹³ *Vaxco* Trial, *supra* note 1 at paras 19-20.

¹⁴ *Ibid* at para 15.

¹⁵ *Ibid* at para 17.

14. **Appellate Decision:** The Court of Appeal overturned the trial judge’s decision. On the public authority issue, the Court held that contractual agreements could not establish government control, especially in light of Healthward’s ability to unilaterally terminate the funding agreement.¹⁶ In *obiter dictum*, the Court expressed concerns that Healthward’s relationship with Industries was contrary to the public benefit because Healthward’s decision to authorize Industries to use its official mark may be anti-competitive and motivated by commercial, not public health, concerns.¹⁷ Applying a different standard than the trial judge, the Court found that Vaxco’s FLUSTOPPA mark did not so closely resemble, as to be likely to be mistaken for, Healthward’s official mark FLUSTOPPER. Had Healthward’s mark been valid, the Court held that Vaxco would have established prior use of its mark in Canada and could continue to use its mark in association with “healthcare products and related services.”¹⁸ The Court also would have rejected Healthward’s injunction request, citing its concern that Healthward’s relationship with Industries was inappropriate in the context of the official mark regime.¹⁹

PART III – POINTS IN ISSUE

15. The present appeal raises four issues:
1. Is FLUSTOPPER a valid official mark?
 2. Does Vaxco’s FLUSTOPPA mark so nearly resemble, as to be likely to be mistaken for, Healthward’s official mark FLUSTOPPER?
 3. Is Healthward entitled to enjoin Vaxco’s use of the FLUSTOPPA mark in Canada?
 4. Did Vaxco establish any right of use prior to the notice of Healthward’s official mark?

¹⁶ *Vaxco Ltd v Healthward Canada*, 2020 CAIP 333 at para 8 [*Vaxco Appeal*].

¹⁷ *Ibid* at para 9.

¹⁸ *Ibid* at para 13.

¹⁹ *Ibid* at para 14.

PART IV – ARGUMENTS IN BRIEF

Issue 1: Healthward’s official mark is valid because Healthward is a public authority

16. Only a public authority can claim the benefit of an official mark.²⁰ To qualify as a public authority, an entity must satisfy a two-part “government control” and “public benefit” test.²¹

Healthward satisfies both prongs because (1) Health Canada exercises a significant degree of ongoing control over Healthward’s activities and (2) Healthward’s activities benefit the public.

A. Healthward is subject to significant and ongoing government control

17. The government control prong is satisfied if the government exercises a significant degree of ongoing control over the relevant entity’s governance and decision-making.²² This analysis is highly contextual, and is assessed according to a variety of *indicia* of control.²³ Health Canada exercises significant and ongoing control over Healthward through its funding agreement and its ability to influence Healthward’s decision-making.

i. Pursuant to the funding agreement, Health Canada controls most of Healthward’s yearly operating expenses

18. Healthward is subject to a significant degree of ongoing government control because Health Canada supplies, controls, and monitors a substantial portion – 75% – of Healthward’s operating expenses. Further, Health Canada has the right to claw back a portion of its funding if Healthward fails to serve certain communities, and to terminate the funding altogether.

19. The proportion of funding Health Canada provides is almost double what the Federal Court has held constitutes financial support sufficient to establish significant and ongoing control. In *Canadian Olympic Assn v Canada (Registrar of Trade Marks)* and *See You*

²⁰ *Act*, supra note 1 at s. 9(1)(n)(iii).

²¹ *Assn of Architects (Ontario) v Assn of Architectural Technologists (Ontario)*, 2002 FCA 218 at paras 47-76 [*Ontario Association*].

²² *Ibid* at para 59; *TCC Holdings Inc v Families as Support Teams Society*, 2014 FC 830 at para 21.

²³ *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*].

In-Canadian Athletes Fund Corp v Canadian Olympic Committee, government funding making up under 40% of the funding for the Olympic Games constituted substantial financial support.²⁴

20. The Court of Appeal erred twice in its decision regarding the contractual funding agreement. First, it erred in holding that “contractual obligations [cannot] give rise to substantial government control.”²⁵ In both *COA* and *See You In*, the Federal Court found that substantial control existed where contracts governed the funding arrangements between the Federal Government and the COA.²⁶ Second, the Court of Appeal erred in holding that Healthward’s ability unilaterally to terminate the funding agreement undermined Health Canada’s control.²⁷ In *See You In*, the Federal Court held that “[o]bviously, absent government, the games would not be viable.”²⁸ Healthward’s situation is similar: its operations would not be viable without Health Canada’s funding. Healthward’s right to terminate the agreement therefore does not undermine Health Canada’s control, without which Healthward would not exist.

ii. Health Canada exercises control by influencing Healthward’s decision-making

21. Health Canada’s actions with respect to Healthward fall squarely within four *indicia* that the Federal Court has identified as demonstrating the government’s ability to exercise significant and ongoing control by influencing an entity’s decision-making, namely: the government’s ability to (1) review an entity’s activities; (2) request that an entity take certain action to achieve the entity’s objectives; (3) subject an entity’s regulation-making power to government approval; and (4) appoint members to the entity’s board of directors.²⁹

²⁴ *Canadian Olympic Assn v Canada (Registrar of Trademarks)*, [1982] 1 FCA 692 at paras 5, 30, 33, 1982 CarswellNat 111 (WL Can) [*COA*]; *See You In-Canadian Athletes Fund Corp v Canadian Olympic Committee*, 2007 FC 406 at paras 60-64 [*See You In*].

²⁵ *Vaxco Appeal*, *supra* note 16 at para 8.

²⁶ *COA*, *supra* note 24 at para 33; *See You In*, *supra* note 24 at para 63.

²⁷ *Vaxco Appeal*, *supra* note 16 at para 8.

²⁸ *See You In*, *supra* note 24 at para 61.

²⁹ *Ontario Association*, *supra* note 21 at paras 60-62; *Council of Natural Medicine*, *supra* note 23 at para 36.

22. Health Canada's ability to consult on the curriculum and messaging of Healthward's educational programs and to direct Healthward to provide mobile clinic services to specific underserved communities satisfies the first two *indicia*. Health Canada's ability unilaterally to terminate the funding agreement and condition Healthward's funding on its compliance with Health Canada's direction means that Healthward's decisions are largely subject to Health Canada's approval. Finally, the Federal Court has held that the ability to appoint between one-third and one-half of the members of an entity's board contributes to the significant and ongoing government control over an entity.³⁰ Health Canada's ability to appoint two of the five members of Healthward's board likewise contributes to its significant and ongoing control over Healthward. Healthward thus meets the government control prong of the public authority test.

B. Healthward's educational programs and mobile vaccination clinics provide the public with clear and significant health benefits

23. The trial and appellate court both found that Healthward's educational programs and free mobile clinics provided clear and significant health benefits to the public.³¹ This finding should not be disturbed on this appeal.

i. Healthward's relationship with Industries is critical to the public benefit it provides

24. Healthward's relationship with Industries is critical to Healthward's ability to maximize the health benefits it provides to the public. Accordingly, the Court of Appeal's concern that Healthward's relationship with Industries was anti-competitive and motivated by commercial and not public health reasons was unwarranted.

25. First, a portion of Healthward's operating expenses depend on the royalty-based revenue that Healthward receives from products that Industries sells to third parties in exchange for the use of Healthward's official mark. This amount constitutes less than 25% of Healthward's

³⁰ *Council of Natural Medicine*, *supra* note 23 at para 37.

³¹ *Vaxco Trial*, *supra* note 1 at para 20; *Appeal*, *supra* note 16 at para 9.

overall funds, a percentage insufficient to constitute control by Industries. Nevertheless, as the ongoing COVID-19 pandemic has demonstrated, every penny counts where public health and safety is concerned. Second, for a fair market price, Industries provides Healthward with the vaccines and medical supplies that Healthward uses in its mobile clinics. Healthward's decision to authorize Industries to use its official mark is therefore a legitimate business decision, and a means for Healthward to ensure consistent access to the supplies it needs to effectively carry out its public services.

ii. Healthward would satisfy the public benefit prong of the public authority test even if some of its actions were contrary to the public benefit

26. Healthward satisfies the public benefit prong of the public authority test even if some of Healthward's actions were arguably contrary to the public benefit. In *See You In*, the Federal Court held that an entity exists for the public benefit "even if it were arguable that certain actions...were not beneficial to the public."³² Moreover, in *Société des loteries du Québec c Club Lotto International C.L.I. Inc*, the Federal Court held that the official mark regime protects marks adopted and used by a public authority for purely commercial purposes, and that "this court is...not the proper forum" to "challenge a wrongful use of an official mark."³³

27. Therefore, as long as Healthward provides a public benefit, it is entitled to the benefits of its official mark. If Parliament intended otherwise, it could have addressed these concerns when it amended the *Act* on July 1, 2020. The Federal Court's decision on the limits of its jurisdiction is therefore consistent with the argument that "[i]t is not for the Court to do by 'interpretation' what Parliament chose not to do by enactment."³⁴ Holding otherwise risks "[abandoning] the office of the judge and...[assuming] the province of legislation", because any decision to limit

³² *See You In*, *supra* note 24 at para 64.

³³ *Société des loteries du Québec c Club Lotto International CLI Inc* (2001), FCJ No 94 at para 84, 2001 CarswellNat 1592 (WL Can) [*Club Lotto*].

³⁴ *Canadian Broadcasting Corp v SODRAC 2003 Inc*, 2015 SCC 57 at para 53.

the public's access to a demonstrated public health benefit in light of countervailing considerations would be a political decision.³⁵

Issue 2: Vaxco's FLUSTOPPA mark infringes Healthward's official mark FLUSTOPPER

A. The resemblance test grants broad, not narrow, protection to official marks

28. A valid official mark “confers very substantial benefits not available to the owners of trade marks.”³⁶ Upon receiving notice of adoption of an official mark, an entity cannot adopt and use a trademark that so nearly resembles, as to be likely to be mistaken for, an official mark.³⁷

29. The Court of Appeal erred in holding that official marks are “entitled to much narrower *protection* than regular trademarks.”³⁸ Consequently, the Court's decision “that the FLUSTOPPA & Design trademark does not so closely resemble [Healthward's official mark FLUSTOPPER]” is in error.³⁹ The Court's holding is premised on a misreading of *The Queen v Kruger*, which established the contrary – that protection for official marks is broader than protection for trademarks because there is no requirement for confusion, but the *test* to assess resemblance is narrower because it relies only on resemblance:

In some respects the protection provided under s. 9(1)(n)(iii) is broader than the protection afforded by way of tests for confusion and in other respects the resemblance test provided by s. 9(1)(n)(iii) is narrower than the test for confusion in s. 6 of the *Trademarks Act*. If the mark in use by a person so nearly resembles the prohibited mark as to be mistaken therefor, the use of that mark may be prohibited even in those cases when there is no likelihood of confusion.⁴⁰

The Court of Appeal therefore confused the *protection* that official marks enjoy with the *narrowness* of the resemblance test. Indeed, the official mark regime “confers very substantial

³⁵ *Insurance Corp of British Columbia v Canada (Register of Trade Marks)* (1979), 1 FC 669 at para 77, 1979 CarswellNat 141 (WL Can).

³⁶ *Ontario Association*, *supra* note 21 at 63.

³⁷ *Ibid: Canada Post Corp v United States Postal Service*, 2005 FC 1630 at paras 31-32.

³⁸ *Vaxco Appeal*, *supra* note 16 at para 4 [emphasis added].

³⁹ *Ibid* at para 6.

⁴⁰ *The Queen v Kruger* (1978), 44 CPR (2d) 135 at para 12, 1978 CarswellNat 804 (WL Can) [*Kruger*].

benefits” to official mark holders.⁴¹

30. The Court of Appeal nevertheless correctly held that the test to determine whether a trademark infringes an official mark differs from the confusion test under section 6(5) of the *Act*, which is used to determine trademark infringement.⁴² The section 6(5) confusion test assesses a variety of factors, including the extent to which the trademarks have become known and the length of time the trademarks have been in use.⁴³ In contrast, only the resemblance between an official mark and a trademark is relevant when determining whether a trademark infringes an official mark.⁴⁴ The test is whether a trademark so nearly resembles, as to be likely to be mistaken for, the official mark.⁴⁵ Whether a mark is “likely to be mistaken” is assessed from the perspective of “a person familiar with the opponent’s mark but having an imperfect recollection thereof.”⁴⁶ This hypothetical person may consider the mark’s appearance, sound, or ideas suggested. With the proper test applied, Vaxco’s FLUSTOPPA mark so nearly resembles, as to be likely to be mistaken for, Healthward’s official mark FLUSTOPPER, thereby preventing Vaxco from adopting its mark.

B. The suffixes do not adequately distinguish FLUSTOPPA from FLUSTOPPER

31. It is well established that the first word, syllable, or portion of a trademark is the most important for the purposes of distinguishing marks.⁴⁷ Where the first portion of one mark is identical or very similar to the first portion of another, there is a greater likelihood that the marks will be mistaken for one another. “FLUSTOPP” is the first part of both marks, and therefore

⁴¹ *Ontario Association*, *supra* note 21 at para 63.

⁴² *Vaxco Appeal*, *supra* note 16 at paras 3-6.

⁴³ *Act*, *supra* note 2, s 6(5)(a)-(b)

⁴⁴ *Kruger*, *supra* note 40 at para 12

⁴⁵ *Ibid.*

⁴⁶ *Ibid* at para 11; *Big Sisters Assn of Ontario v Big Brothers of Canada* (1997) FCJ No 627, 1997 CarswellNat 783 (WL Can) at para 62 [*Big Sisters*].

⁴⁷ *Conde Nast Publications Inc v Union des éditions modernes* (1979) FCJ No 801 at para 34, 1979 CarswellNat 785 (WL Can); *Pernod Ricard v Molson Breweries* (1992) 56 FCTD 53 at para 35, 1992 CarswellNat 1025 (WL Can); *Big Sisters*, *supra* note 46 at para 66.

identical in appearance, sound, and ideas suggested. Accordingly, the only difference between the marks – namely, the suffixes “ER” and “A” – is too minor to distinguish the marks.

32. The difference between the suffixes “ER” and “A” diminishes given the tendency of persons “...to slur the termination of words [which] has the effect necessarily that the beginning of words is accentuated in comparison [to the suffix].”⁴⁸ Any difference in sound between “PPER” and “PPA” is negligible. The Federal Court reached a similar finding comparing the marks POLYSAR and POLYSTAR in *Polysar Ltd v Gesco Distributing*.⁴⁹

33. Different suffixes distinguish marks with identical prefixes when the suffixes differ in sound, appearance, and ideas, as in the trademark KERMODE BEAR versus KERMODE WARRIOR,⁵⁰ and SPOSABELLA versus SPOSAITALIA.⁵¹ Unlike a bear, which “would not typically be considered to be a warrior”,⁵² or bella, which is “entirely different” from Italia,⁵³ “ER” and “A” do not distinguish or qualify the meaning of FLUSTOPPA, and are highly similar.

C. The design elements of the FLUSTOPPA mark do not distinguish the FLUSTOPPA mark from Healthward’s official mark FLUSTOPPER

34. The word component of the FLUSTOPPA mark does not distinguish the mark from the official mark FLUSTOPPER for the reasons stated in the previous section. There is nothing distinctive about the font, lettering, or colours that Vaxco used. Healthward’s official mark FLUSTOPPER would appear almost identical to the word component of the FLUSTOPPA mark if it were to appear, for example, on a prescription sheet or vial containing the vaccine.

Moreover, Healthward is entitled to use its word mark “in any size and with any style of

⁴⁸ *Re London Lubricants (1920), Ltd's, Appl'n (1925)*, 42 RPC 264.

⁴⁹ *Polysar Ltd v Gesco Distributing Ltd (1985) FCJ No 948* at paras 27-28, 1985 CarswellNat 910 (WL Can).

⁵⁰ *Terrace (City) v CanadianPacific Phytoplankton Ltd*, 2013 TMOB 156 [*Terrace*].

⁵¹ *Eddie Presente Sposa Bella 2000 Inc v 114243 Canada Ltée (1985)*, 6 CPR (3d) 277, 1985 CarswellNat 909 (WL Can) [*Eddie Presente*].

⁵² *Terrace*, *supra* note 50 at para 32.

⁵³ *Eddie Presente*, *supra* note 51 at para 19.

lettering, color or design.”⁵⁴ Healthward can therefore present its official mark in text form with font, lettering, and colour similar to how Vaxco has presented its FLUSTOPPA mark.

35. The syringe design component does not distinguish the marks for the same reasons that adding the words “Gourmet Pizza” in a pizzeria’s design mark did not amount to “pronounced differences.”⁵⁵ Specifically, because both Healthward and Vaxco are involved in vaccine administration and related services, a syringe, well-associated with the application of a vaccine, would not help a consumer with imperfect recollection distinguish between the two sources of the vaccine services. Canadians cannot be mistaken about which vaccine they take or its source: this outcome must be avoided.

Issue 3: Healthward is entitled to an injunction restraining Vaxco’s use of FLUSTOPPA

36. Presuming Healthward’s official mark is valid and that the marks resemble each other, Healthward is entitled to an injunction against any adoption of the mark by Vaxco in Canada in accordance with the rights granted to official mark holders under the *Act*.⁵⁶ Following the Registrar’s notice to Canadians of the official mark FLUSTOPPER, Healthward gained the ability to prohibit any adoption of its mark, or any mark that so nearly resembles its mark as to likely be mistaken for it, by any other entity in Canada using it in association with a business.⁵⁷ Vaxco improperly adopted the FLUSTOPPA mark by selling its vaccines in Canada following the Registrar’s notice, thus entitling Healthward to an injunction.

37. This Court’s decision to grant an equitable injunction should not be affected by the Court of Appeal’s concern that Healthward’s licensing of its official mark to Industries was inappropriate for policy reasons.⁵⁸ First, the trial judge did not find that Industries influenced

⁵⁴ *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 55.

⁵⁵ *Pizzaiolo Restaurants Inc v Restaurants La Pizzaiolle Inc*, 2016 FCA 265 at paras 29-32.

⁵⁶ *Act*, *supra* note 2 at s 9(1).

⁵⁷ *Ibid*.

⁵⁸ *Vaxco Appeal*, *supra* note 16 at para 9.

Healthward's decision to apply for its official mark. Second, Healthward is entitled under the *Act* to exclusive use of the official mark, and Vaxco's potential business development plans are irrelevant to these statutory rights.⁵⁹ Healthward applied for notice of its official mark before Vaxco received regulatory approval for the use of its vaccine in Canada and before Vaxco applied to register its mark in Canada. Once notice of Healthward's official mark was given, Vaxco should have altered any business development plans to accord with this change in its legal ability to adopt the FLUSTOPPA mark in Canada. The simple possibility that Vaxco may have acquired rights in Canada had Healthward not done so first is insufficient to prevent the issuance of an injunction to which Healthward is legally entitled.

Issue 4: Vaxco did not adopt the FLUSTOPPA mark in Canada before FLUSTOPPER was granted official mark status

38. Upon notice of Healthward's official mark, no entity could subsequently adopt any mark resembling the official mark in connection with a business.⁶⁰ However, had an entity adopted the mark prior to the notice, it would have been able to continue its use in association with the same goods or services with which it used the mark prior.⁶¹ The Court of Appeal incorrectly held that Vaxco could continue its use of the FLUSTOPPA mark in Canada in association with "healthcare products and related services" following notice of FLUSTOPPER.⁶² The trial judge's findings do not support any adoption of the FLUSTOPPA mark in Canada, through either use or making known of the mark, prior to Healthward's notice.⁶³ Even if Vaxco had adopted the FLUSTOPPA mark in Canada, Vaxco's use of the mark would be limited to the goods or

⁵⁹ *Act*, *supra* note 2 at s 9(1)

⁶⁰ *Ibid.*

⁶¹ *Canadian Olympic Assn v Konica Canada Inc*, [1991] ACF No 1153 at paras 24, 27, 1991 CarswellNat 163 (WL Can) [*Konica*].

⁶² *Vaxco Appeal*, *supra* note 17 at para 13.

⁶³ *Act*, *supra* note 2 at s 3.

services with which it established adoption in Canada, not the entire scope of its operations as a company: use cannot be considered “at large.”⁶⁴

A. Vaxco has not used its mark in association with a service provided to Canadians

i. Vaxco’s Canadian services did not provide a material benefit to consumers

39. Vaxco’s use of the FLUSTOPPA mark in association with its educational materials and booking service did not, as it must, constitute use in association with a service under section 4(2) of the *Act*, because these services never provided a material benefit to Canadian consumers.⁶⁵ In order for rights to accrue to Vaxco through “use” of its mark through association with services under the *Act*, not only must the trademark be used or displayed in the performance or advertising of the services, the services must also be performed, or be able to be performed, in Canada.⁶⁶ What constitutes a service is broadly construed, but the service offered in Canada must provide a material benefit to Canadians.⁶⁷ Courts should not allow entities which offer a host of services in the U.S. to merely “cast a shadow of those services” in Canada and subsequently acquire rights under section 4(2) of the *Act*.⁶⁸

40. Analyzing use under section 4(2) often turns on quality of evidence, and Vaxco was subject to a particularly high evidentiary standard in establishing use.⁶⁹ Legal challenges involving competing interests, such as those in which trademark registrations are invalidated, hold those attempting to prove prior use to a higher evidentiary standard than that applied in proceedings involving the removal of “deadwood” from the register due to non-use.⁷⁰ Vaxco’s interests compete with those of Healthward: Vaxco’s assertion of prior use conflicts with

⁶⁴ *Konica*, *supra* note 61 at para 24.

⁶⁵ *Act*, *supra* note 2 at s 4(2).

⁶⁶ *Ibid*; *Wenward (Canada) Ltd v Dynaturf Co* (1976), 28 CPR (2d) 20 at para 9, 1976 CarswellNat 607 (WL Can).

⁶⁷ *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 115 [*Miller Thomson*].

⁶⁸ *Pain & Ceballos LLP v Crab Addison, Inc.*, 2017 TMOB 158 at para 45 [*Crab Addison*].

⁶⁹ *Miller Thomson*, *supra* note 67 at para 146.

⁷⁰ *Ibid* at para 9, 139; *Heenan Blaikie LLP v Sports Authority Michigan Inc.*, 2011 FC 273 at para 3 [*Sports Authority*].

Healthward's exclusive right to its official mark in Canada. The trial judge was therefore correct in holding that the services Vaxco offered in Canada do not constitute use as Vaxco failed to meet this high standard in establishing that its services provide a material benefit to Canadians.

41. Vaxco's educational materials did not establish use. The trial judge found that Vaxco's educational materials consisted solely of information on the importance of vaccines and advertisements of Vaxco's products and services.⁷¹ The scope of the materials available on Vaxco's website, as found by the trial judge, falls far short of the Court's requirement that a website be "akin to visiting a bricks and mortar store and benefiting from a discussion with a knowledgeable salesperson."⁷² To meet this requirement, a website should provide a significant volume of product information and terminology.⁷³ A tool on a website that gives a customer the shop location nearest to their current address also contributes to establishing that a website has provided a material benefit to the customer.⁷⁴ In the absence of these findings on the record, this Court should not consider Vaxco's use of the FLUSTOPPA mark in association with its online educational materials to constitute a material benefit.

42. Vaxco's booking service also does not constitute a material benefit offered to consumers. The booking service offered no benefits in Canada beyond the booking itself and is therefore insufficient to establish use. In *Miller Thomson LLP v Hilton Worldwide Holding LLP*, the Court considered bookings to constitute a tangible benefit for Canadian customers as many of the bookings allowed customers to enrol in a loyalty program, or receive a discount and a binding contract for services upon full prepayment.⁷⁵ Similarly, in *Société Nationale des Chemins de Fer Français SNCF v Venice Simplon-Orient-Express*, use of a trademark was established in

⁷¹ *Ibid* at para 5.

⁷² *Dollar General Corporation v 2900319 Canada Inc*, 2018 FC 778 at para 25 [*Dollar*]; *Sports Authority*, *supra* note 70 at para 19.

⁷³ *Sports Authority*, *supra* note 70 at para 19.

⁷⁴ *Dollar*, *supra* note 72 at para 25; *Sports Authority*, *supra* note 70 at para 20.

⁷⁵ *Miller Thomson*, *supra* note 67 at paras 128, 136.

association with a booking service when customers were provided with tickets and reservations for services.⁷⁶ On the record, there are no findings as to whether Vaxco’s booking service created binding contracts for the ultimate completed service of vaccination. This Court should therefore reinstate the trial judge’s holding that the booking service was not a service provided in Canada.

ii. Considering Vaxco’s acts as trademark use conflicts with the intention of the Act

43. If this Court were to determine that either of Vaxco’s services constituted “use” in association with a trademark under section 4(2), there would be “twisted and unfortunate” consequences for Canadian trademark holders which cannot have been intended by the *Act*.⁷⁷ If the presence of a trademark on a website alone establishes use in Canada, any foreign owners of websites with an otherwise limited Canadian presence could request expungement of valid Canadian trademarks, held by good faith owners.⁷⁸ If Vaxco’s booking service is considered use of its trademark in Canada, any foreign establishment that operates any sort of booking system online (as many restaurants, salons, and other service providers do) with no other presence in Canada could establish use within Canada. As stated in *Unicast SA v South Asian Broadcasting Corp*, these consequences are “illogical”, and the trial judge’s finding that Vaxco’s services were ultimately not provided in Canada should therefore be reinstated.⁷⁹

B. Vaxco’s shipments through Canada have not established trademark use

44. Vaxco’s shipments through Canada did not establish prior use of their trademark under the *Act*. Section 4(3) of the *Act* considers goods to have been used when they are exported from Canada and the mark is on the goods or packages that are exported.⁸⁰ However, section 51.03(2.4) of the *Act* provides that goods which are in the process of being shipped from one

⁷⁶ *Société Nationale des Chemins de Fer Français SNCF v Venice Simplon-Orient-Express* (1995), 64 CPR (3d) 87 at para 11, 1995 CarswellNat 2133 (WL Can), aff’d in FCJ No 1897, 2000 CarswellNat 2869 (WL Can).

⁷⁷ *Unicast SA v South Asian Broadcasting Corp*, 2014 FC 295 at para 47 [*Unicast*].

⁷⁸ *Ibid*; *Crab Addison*, *supra* note 68 at para 36.

⁷⁹ *Unicast*, *supra* note 77; *Trial*, *supra* note 1 at para 25.

⁸⁰ *Act*, *supra* note 2 at s 4(3).

place outside Canada to another are “considered to have been *imported* for the purpose of release” while in transshipment or customs transit control in Canada.⁸¹ Vaxco did not have regulatory approval before notice was given of Healthward’s official mark, therefore their goods must have been imported into Canada for the sole purpose of release to another country. As well, section 4(3) is intended to apply to either Canadian producers who are manufacturing counterfeit goods, to ensure action can be brought against them, or to Canadian producers who require their trademark to be considered “used” in association with their Canadian exports in order to register their mark outside of Canada.⁸² Because Vaxco’s shipments should not be considered exports, Vaxco has not established use of its FLUSTOPPA mark in association with goods in Canada prior to notice of Healthward’s official mark.

C. Vaxco did not make its trademark known in Canada

45. Vaxco did not make its FLUSTOPPA mark known in Canada prior to notice of Healthward’s official mark. Outside of use, an entity can only establish adoption of a trademark by making it known in Canada.⁸³ A mark has been made known in Canada under the *Act* when the mark has become well known in Canada as a result of printed publications or radio broadcasts (not word of mouth) that advertise the relevant goods or services to potential dealers or users in the ordinary course of commerce.⁸⁴ Had Vaxco made its FLUSTOPPA mark known prior to FLUSTOPPER being granted official mark status, it may have been able to rely on this adoption to maintain the existence of its website and advertisements in Canada, as the prohibition on adoption of official marks is prospective upon notice.⁸⁵ However, Vaxco’s Canadian activities do not establish that the FLUSTOPPA mark was made known in Canada.

⁸¹ *Ibid* at s 51.03(2.4) [emphasis added].

⁸² *Coca-Cola Ltd v Pardhan* (1999), 172 DLR (4th) 31 at paras 18, 22, 1999 CarswellNat 4765 (WL Can).

⁸³ *Act*, *supra* note 2 at ss 3-5.

⁸⁴ *Ibid* at s 5(b); *Motel 6 Inc v No 6 Motel Ltd* (1981), 127 DLR (3d) 267 at para 38, 1981 CarswellNat 4 (WL Can).

⁸⁵ *Konica*, *supra* note 61.

46. Vaxco’s advertisements in Canadian cities close to the U.S. border through print and billboards, as found by the trial judge, do not establish that Vaxco’s mark was made known in Canada. For a mark to be made known, it must be known in a “substantial part of the country” – though substantial knowledge of the mark within a larger province like Quebec may suffice.⁸⁶ Vaxco’s advertising in a subset of border cities does not establish that their mark was “made known” in a substantial part of the country, as the trial judge made no findings on how many cities Vaxco advertised in and the pervasiveness of these advertisements.⁸⁷

47. The trial judge’s finding that Canadians had accessed Vaxco’s website in order to research products and services also does not establish that FLUSTOPPA was made known in Canada, as there were no findings as to the extent of visits to the website.⁸⁸

C. Section 9(1) allows Healthward to enjoin Vaxco’s activities which do not legally constitute adoption

48. This Court should grant an injunction against Vaxco’s adoption of the FLUSTOPPA mark in Canada, and against the types of activities Vaxco engaged in before notice of Healthward’s official mark was given, even though the latter do not constitute adoption under the *Act*. The Court of Appeal incorrectly stated that this injunction would amount to a “catch 22”.⁸⁹ Adoption of marks sufficiently resembling official marks is prohibited when that mark is used as a mark *or otherwise*.⁹⁰ This “or otherwise” language applies to entities that use the mark in association with a business, but not as a trademark.⁹¹ The FLUSTOPPA mark was not adopted as a trademark under the *Act*, but it was used in association with Vaxco’s business as a means to attract and profit from customers. Healthward can therefore enjoin Vaxco’s employment of the

⁸⁶ *Valle’s Steak House c Tessier* (1980), 49 CPR (2d) 218 at para 13, 1980 CarswellNat 108 (WL Can).

⁸⁷ *Vaxco Trial*, *supra* note 1 at para 5.

⁸⁸ *Ibid.*

⁸⁹ *Vaxco Appeal*, *supra* note 16 at para 12.

⁹⁰ *Act*, *supra* note 2 at s 9(1) [emphasis added].

⁹¹ *Club Lotto*, *supra* note 33 at para 72.

FLUSTOPPA mark on its website and in its print advertisements, despite these activities not amounting to adoption under the *Act*. Granting an injunction would be consistent with the strong protection that the official mark regime grants public authorities.⁹²

49. An injunction would prevent the harm that could result from Vaxco's continued infringing use of FLUSTOPPA in Canada. Unaware internet searchers could encounter FLUSTOPPA's educational materials or booking service in their research for FLUSTOPPER's vaccination services and fail to distinguish between the two. Severe health consequences could flow from confusion between vaccines or their sources. Therefore, this Court should exercise its powers in equity and ensure FLUSTOPPA no longer coexists with FLUSTOPPER in Canada. An injunction would accord with Healthward's legal rights under the *Act*, and would protect and enhance the health of Canadians given Healthward's important public health role.

PART V – ORDER REQUESTED

50. The Appellant respectfully requests an injunction preventing all use by Vaxco of the FLUSTOPPA mark in Canada, as a trademark or otherwise.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Signed this 12th day of January, 2021.

Team No. 2

Counsel for the Appellant

⁹² *Ibid* at para 84.

PART VI – TABLE OF AUTHORITIES

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<i>Eddie Presente Sposa Bella 2000 Inc v 114243 Canada Ltée</i> (1985), 6 CPR (3d) 277, 1985 CarswellNat 909 (WL Can).	para 19
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<i>Insurance Corp of British Columbia v Canada (Register of Trade Marks)</i> (1979), 1 FC 669, 1979 CarswellNat 141 (WL Can).	para 77
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<i>Miller Thomson LLP v Hilton Worldwide Holding LLP</i> , 2020 FCA 134.	paras 115, 128, 136, 146
<i>Motel 6 Inc v No 6 Motel Ltd</i> (1981), 127 DLR (3d) 267, 1981 CarswellNat 4 (WL Can).	para 38
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