

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

BETWEEN:

**HEALTHWARD CANADA**

Appellant

– and –

**VAXCO LTD**

Respondent

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**FACTUM OF THE RESPONDENT**

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## PART 1 – OVERVIEW

1. This case is about the Appellant’s inappropriate attempt to stretch the already broad scope of protection granted by the official marks legislation under the *Trademarks Act* (the “*Act*”). A charity with strong ties to the vaccine industry is not entitled to use public authority status, meant for government and government-controlled organizations, to secure an overbroad monopoly.
2. The Respondent, Vaxco, Ltd. (“Vaxco”), has been using its well-known U.S. trademark FLUSTOPPA for over 20 years in connection with its healthcare business. Vaxco received Health Canada approval in February 2019 to sell its FLUSTOPPA vaccine in Canada. In March 2019, Vaxco applied for a Canadian FLUSTOPPA & Design (“FLUSTOPPA”) trademark.
3. The Appellant, Healthward Canada (“Healthward”), is the Canadian arm of a global network of public health organizations. Healthward enjoys a strong relationship with its affiliate Healthward Industries Corp. (“Industries”), a direct competitor of Vaxco. In January 2019, one month before Vaxco’s Health Canada approval, Healthward was granted an official mark for FLUSTOPPER. Healthward has authorized Industries to use this official mark.
4. The Registrar of Trademarks refused Vaxco’s application, citing Healthward’s official mark. Unlike trademarks, official marks may be confusing with existing trademarks, can be obtained faster, and have an unlimited term. The broad protection conferred by official marks is necessarily restricted by the requirement that only public authorities can hold official marks. The trial judge agreed with the Registrar and held, in effect, that a charity with no guarantee of ongoing government control could hold this powerful mark — an error that was quickly rectified on appeal.
5. This appeal raises two issues: First, did the registrar err in finding that Vaxco is not entitled to register the FLUSTOPPA trademark? Second, does Healthward’s official mark prevent or restrict Vaxco’s use of the FLUSTOPPA trademark?

6. This Court must affirm the Court of Appeal's decision. Healthward does not qualify to hold the FLUSTOPPER official mark, as Healthward is not a public authority and had not demonstrated use of the mark prior to notice. Vaxco's mark would be registrable even if the FLUSTOPPER mark were found to be valid, as Vaxco's mark is unlikely to be mistaken for Healthward's mark. If valid, Healthward's mark cannot restrict Vaxco's current or proposed use of FLUSTOPPA. Vaxco may rely on its prior use of FLUSTOPPA in Canada to continue using the mark in connection with its healthcare business. An injunction would also be inequitable to Vaxco.

## PART II – STATEMENT OF FACTS

7. **The Appellant:** Healthward is a registered charity and non-profit organization. Healthward provides public health education and vaccination services pursuant to a funding agreement with Health Canada that is unilaterally terminable by both parties. Health Canada covers roughly 75% of Healthward's yearly operating expenses. Healthward also receives funding from private donations, licensing revenues, and returns from a sizeable endowment fund.

*Healthward Canada v Vaxco Ltd*, 20 TCCIP 1222 at paras 1-2, 5, 10-11 [*Trial*].

8. Pursuant to the agreement, Health Canada is consulted on the content of Healthward's educational programs, appoints two of the five seats on Healthward's board of directors, and recommends communities for Healthward to serve. Health Canada is also entitled to claw back some of the funding provided if Healthward fails to serve a recommended community.

*Trial, supra* para 7 at para 1.

9. Healthward is affiliated with Industries, a direct competitor of Vaxco in the vaccine market. Industries provides Healthward with vaccines and medical supplies at fair market price. After obtaining the FLUSTOPPER official mark, Industries began paying royalties to Healthward for the right to use the mark on goods sold to third parties. Industries was aware of the goodwill attached to Vaxco's FLUSTOPPA trademark and of Vaxco's pending Health Canada approval.

*Trial, supra* para 7 at paras 12-13.

10. **The Respondent:** Vaxco has manufactured, sold, and distributed vaccines and medical supplies under the well-known U.S. trademark FLUSTOPPA for over 20 years. Vaxco did not sell the FLUSTOPPA vaccine in Canada until receiving Health Canada approval in February 2019. However, Vaxco undertook significant efforts to develop Canadian goodwill in association with FLUSTOPPA prior to receiving regulatory approval. Vaxco employed print, online, and billboard advertising in Canadian border cities. Canadian customers also used Vaxco's website to research Vaxco's goods and services and to book appointments at Vaxco clinics in the U.S.

*Trial, supra* para 7 at para 4-5.

11. After a long regulatory process, Vaxco immediately sought to register the FLUSTOPPA trademark in March 2019. The trademark depicts the word FLUSTOPPA and a distinctive design element including stylized text and a picture of a syringe (see Appendix A).

*Trial, supra* para 7 at para 6.

12. The Registrar denied Vaxco's application, citing Healthward's official mark. Vaxco applied to the Court for a declaration that Healthward's official mark is invalid. In response, Healthward applied for a declaration that Vaxco's use of the FLUSTOPPA vaccine in Canada infringes Healthward's official mark, and for an injunction enjoining such use.

*Trial, supra* para 7 at para 3.

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, since it was subject to significant government control due to its Health Canada contract and it provided a public benefit. Applying a confusion analysis, Coff J found that Vaxco's mark was "confusingly similar" to Healthward's official mark. Coff J also held that Vaxco had failed to establish prior use of the FLUSTOPPA trademark and he granted Healthward's injunction prohibiting continued use of the trademark.

*Trial, supra* para 7 at para 15, 19, 21-22.

14. **Appellate Decision:** The Court of Appeal overturned the trial decision. The Court held that Healthward was not a public authority, due to the unilateral terminability of the Health Canada contract. Applying a resemblance test, the Court further held that Vaxco's trademark was not likely to be mistaken for Healthward official mark. Even if Healthward's official mark were valid, the Court would have denied the injunction against Vaxco. Vaxco had not expanded its use beyond the class of uses to which Vaxco had established prior rights by way of Vaxco's online services. An injunction would have inequitably favoured Healthward, who had inappropriately allowed a for-profit affiliate to adopt an official mark so as to obstruct a direct competitor.

*Vaxco Ltd v Healthward Canada*, 2020 CAIP 333 at para 5-9, 11-15 [*Appeal*].

### **PART III – POINTS IN ISSUE**

15. This appeal raises two issues:

1. Is Vaxco's FLUSTOPPA trademark registrable?
2. Does Healthward's FLUSTOPPER official mark prevent or restrict Vaxco's continued use of the FLUSTOPPA trademark in Canada?

### **PART IV – ARGUMENTS IN BRIEF**

#### **ISSUE 1: THE FLUSTOPPA TRADEMARK IS REGISTRABLE**

16. The Court of Appeal correctly held that Vaxco's FLUSTOPPA trademark is registrable on two bases. First, Healthward's FLUSTOPPER official mark is invalid. Second, Vaxco's trademark is not likely to be mistaken for Healthward's official mark.

#### **A. Healthward's Official Mark is Invalid**

17. In order to hold an official mark, a party must be a "public authority" and must have adopted and used the official mark prior to notification. The Court of Appeal correctly found that

Healthward is not subject to the necessary government control to be deemed a public authority.

Healthward also did not use the official mark prior to publication.

*Trademarks Act*, RSC 1985, c T-13, s 9(1)(n)(iii) [*Act*].  
*FileNet Corp v Canada*, 2002 FCA 418 at para 7.  
*Appeal, supra* para 14 at para 7.

### **I. Healthward is Not a Public Authority**

18. The two-part test for determining whether an organization is a public authority asks whether a party is subject to significant ongoing government control and confers a public benefit.

*Ontario Assn of Architects v Assn of Architectural Technologists of Ontario*, 2002 FCA 218 at paras 47-53, leave to appeal to the SCC dismissed, [2002] SCCA No 316 [*Architects*].

19. The Court of Appeal correctly determined that Healthward's contractual obligations did not rise to the level of significant ongoing government control because Healthward has the right to unilaterally terminate the agreement. Governmental control requires that the government exercise a significant degree of ongoing influence over the public authority's governance and decision-making. Healthward's charitable status alone does not make it a public authority. As the Federal Court of Appeal has confirmed, there is a difference between a body that does a public good, and one that is a public authority. Healthward is, at best, the former.

*Architects, supra* para 18 at para 59.  
*Big Sisters Assn of Ontario v Big Brothers of Canada* (1997), 75 CPR (3d) 177 at para 68, 71 ACWS (3d) 352 (FCTD), aff'd (1999), 86 CPR (3d) 504, 89 ACWS (3d) 132 (FCA) [*Big Sisters*].  
*Canadian Jewish Congress v Chosen People Ministries Inc*, 2003 FCA 272 at para 4.  
*Appeal, supra* para 14 at para 8.

20. Section 9(1)(n)(iii) should not be given an expansive meaning allowing a body without significant ongoing government control to benefit from official marks protection. In this contextual analysis, no one factor is determinative. The Federal Court of Appeal has stressed the importance of the statutory context of section 9(1)(n)(iii) to this analysis. The provision "confers very substantial benefits not available to the owners of trade-marks, and thus has the capacity to injure both existing trade-mark owners and the public."

*Architects*, *supra* para 18 at para 63.

*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.

21. The Federal Court of Appeal has enumerated five factors that, when answered in the affirmative, constituted a sufficient degree of government control:

- (1) Whether a body is a creature of statute, and a degree of control is imposed by said statute;
- (2) If a body ceased to exist, whether its assets would be disposed of by the government;
- (3) Whether the government supplies and monitors a substantial portion of financial support;
- (4) Whether the government has demonstrated a substantial degree of influence on the body's decision-making; and
- (5) Whether the government has provided any in-kind support that indicates an element of control over the body's operations.

*Registrar of Trade Marks v Canadian Olympic Association*, [1983] 1 FC 692 at 699, 67 CPR (2d) 59 (FCA).

22. Applying the factors to Healthward inexorably leads to the conclusion that Healthward is not under significant government control. Healthward has only contractual duties to the government, which Healthward can unilaterally terminate at any time, thus ending Health Canada's influence. Consulting on Healthward's curriculum and messaging does not prove that Health Canada exerted influence over that curriculum and messaging. Without evidence that Health Canada and Healthward's interests ever diverged, it cannot be concluded that Health Canada has ever exerted any significant influence or control over its decision making.

*Act*, *supra* para 17 at s 9(1)(n)(iii).

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

23. The Appellant incorrectly asserts that Healthward is dependent upon Health Canada's funding, and is thus "financially committed to following Health Canada's directions." The potentially ephemeral nature of the relationship cannot rise to the level of significant ongoing government control. Healthward's numerous revenue streams and existence prior to receiving



Health Canada funding demonstrate that Healthward is not dependent on Health Canada for its existence. The evidence that Health Canada is permitted to direct Healthward's services towards specific communities and that it is entitled to appoint two of five seats on Healthward's Board of Directors should have no bearing on the question of government control.

*Trial, supra* para 7 at paras 10-11.  
*Factum of the Appellant*, Team 11A at paras 14-15 [*Appellant*].

24. The Appellant also incorrectly claims that Healthward's funding relationship with Health Canada means that Healthward's FLUSTOPPER vaccine carries an "added quality guarantee that [Healthward's] vaccines are trustworthy," which Vaxco's vaccine lacks. A funding agreement is not an endorsement of health or safety. It does not ensure a standard of reliability above and beyond the stringent Health Canada approval process that all vaccines must pass in order to be sold in Canada. Vaxco's vaccine is equally "government-approved."

*Appellant, supra* para 23 at paras 1, 2, 18.

## **II. Healthward Had Not Used the Official Mark Prior to Publication of the Notice**

25. An official mark may be invalidated on the basis that the mark had not been adopted and used prior to the public notification. Notice of adoption and use is not conclusive. The only evidence of use proffered by the Appellant is use by Industries via authorization from Healthward. Third-party use should not be able to ground prior use of an official mark, and thus notice of Healthward's official mark should be revoked.

*Big Sisters, supra* para 19 at para 89.

26. Although section 9(2) of the *Act* recognizes that a public authority may permit another entity to use an official mark, it does not equate that use with use by the public authority itself. In *Canada Post Corp v Post Office*, the Court held that a licensor who sought public notice could not prove adoption and use of a mark simply by showing that its licensees had used it.

*Act, supra* para 17 at s 9(2).

*Canada Post Corp v Post Office* (2000), [2001] 2 CF 63 at paras 50-53, 191 FTR 300 [*Canada Post*].

27. In a conflicting decision, *Magnotta Winery Corp v Vintners Quality Alliance*, the Court reasoned that “nothing precludes the use of an official mark by a party licensed or otherwise permitted to use it... and that authorized use constitutes use by the public authority.”

*Magnotta Winery Corp v Vintners Quality Alliance*, 2001 FCT 1421 at para 59.

28. The reasoning in *Canada Post* must be followed. As the Court observed, while section 50 of the *Act* provides that in certain situations, use of a trademark by a licensee will be deemed use by the trademark owner, it makes no reference to official marks. Based on the implied exclusion principle of statutory interpretation, Tremblay-Lamer J correctly refused to infer from the silence of the legislator that use by a licensee conferred the same legal effect as provided for trademarks.

*Act, supra* para 17 at s 50.

*Canada Post, supra* para 26 at paras 50-53.

29. *Canada Post*'s treatment of the authorized use of official marks aligns with the distinct purpose of official marks. Unlike trademarks, the exclusive rights given to official marks holders are not meant to encourage productivity, but are instead meant to identify a public institution and prevent others from trading on that institution's authority. To encourage productivity, trademarks may be cancelled for non-use. Official marks do not share this impetus. Official marks are “hardy and virtually unexpungeable.” Without guidance from the legislature, it would be improper to apply section 50 to official marks. Use of official marks to designate the goods and services of a private, third-party, for-profit organization is at odds with the purpose of official marks. While the *Act* permits the authorized use of an official mark, this use is not enough to ground public notice of an official mark and Healthward's notice should be revoked.

*Act, supra* para 17 at ss 45, 50.

*Mihaljevic v British Columbia* (1988), 22 FTR 59 at para 17, 23 CPR (3d) 80 (FCTD), aff'd (1990), 34 CPR (3d) 54; 116 NR 218 (FCA).

Donna L Davies, “Too Much Protection, Too Little Gain: How Official Marks Undermine the Legitimacy of Intellectual Property Law” (2009) 14 Appeal 1 at 2.

## **B. Vaxco's Trademark is Registrable Even If Healthward's Official Mark is Valid**

30. The Court of Appeal correctly found that, even if Healthward's official mark were valid, FLUSTOPPA is entitled to registration as it is not likely to be mistaken for the official mark.

*Appeal, supra* para 14 at para 6.

### **I. The Proper Test to Apply is Resemblance**

31. In *The Queen v Kruger*, the Registrar set out the test for assessing whether a trademark so nearly resembles an official mark as to be barred from registration. The test, affirmed by the Federal Court of Appeal, is whether "a person familiar with the opponent's mark but having an imperfect recollection thereof would not be likely to mistake the applicant's mark therefor."

*Big Sisters, supra* para 19 at para 33.

*Techniquip Ltd v Canadian Olympic Association* (1999), 250 NR 302 at para 17, 3 CPR (4th) 298 (FCA).

*The Queen v Kruger*, [1978] TMOB No 109 at para 11, 44 CPR (2d) 135 [*Kruger*].

32. The resemblance test is different from the confusion test found in section 6, which is applied when assessing a trademark against another trademark. As stated by the Registrar, "the resemblance test provided by s-s. 9(1)(n)(iii) is narrower than the test for confusion in s. 6." In a confusion test, a court must consider all the surrounding circumstances, including the inherent distinctiveness of the trademarks, the length of time the trademarks have been in use, the nature of the goods and services, the nature of the trade, and the degree of resemblance. The resemblance test, used in section 9(1)(n)(iii) proceedings, is restricted solely to resemblance without regard for any surrounding factors.

*Act, supra* para 17 at s 6(5).

*Kruger, supra* para 31 at para 12.

### **II. Vaxco's Trademark Does Not Resemble Healthward's Official Mark Due to a Distinctive Suffix and Design**

33. When assessing the degree of resemblance, a court may consider the appearance, sound, or ideas suggested by the mark. These factors should be considered holistically. When the proper test

was applied, the Court of Appeal correctly found that Vaxco’s trademark and Healthward’s official mark did not so nearly resemble one another that one would be mistaken for the other.

*Big Sisters, supra* para 19 at para 80.  
*Appeal, supra* para 14 at para 8.

34. Having the first part of a mark be identical is not determinative in considering whether a mark so nearly resembles another that it is likely to be mistaken for it. The first and most dominant part may well be identical, but a change in the ending of a mark can be enough to establish distinctiveness. The importance of resemblance between the first element of the marks is diminished when the first element is a common, descriptive, or suggestive word (such as Alpha, used in association with Alphacritters and Alpha Sportswear, or Sushi, used in association with Sushman and Sushiboy). In this case, the element “FLUSTOP” is identical between both marks. FLU and STOP are both common words. The identical nature of the first part of the mark is of diminished importance, and the focus shifts to the suffix to determine resemblance.

*Insurance Corp of British Columbia v Stainton Ventures Ltd*, 2014 BCCA 296 at para 39 [*Insurance Corp*].  
*Canadian Council of Professional Engineers v APA Engineered Wood Assn* (2000), 184 FTR 55 at paras 66-70, 7 CPR (4th) 239 (FCTD) [*Canadian Council*].  
*Alpha Sportswear Ltd v Alphacritters Inc*, 2010 TMOB 153 at paras 109-111.  
*Vancouver Sushman v Sushiboy Foods*, [2002] TMOB No 2 at para 26, 22 CPR (4th) 107.

35. The suffixes “-ER” and “-A” change a consumer’s perception of the word such that one would not easily be mistaken for the other. When read as a whole, “-STOPPER” is a common, descriptive, and suggestive word used in many settings. When the common suffix “-er” is replaced with “-a,” the entire word becomes new. It is no longer commonly used in everyday language, nor found in the English dictionary. The average consumer would perceive these words as visually different and as conveying different ideas based on the suffix.

36. The logical extension of the Appellant’s argument would afford official marks holders “an unreasonably vast monopoly and scope of protection.” If any suffix could be exchanged for “-er,” and still be covered under the protection of the official mark, Healthward would benefit from

official mark protection over an entire family of marks it had never used or advertised. It is “inconceivable that Parliament intended to give such wide ambit of protection to official marks.”

*Canadian Council, supra* para 34 at para 70.

37. FLUSTOPPA’s design element creates a distinct visual impression. As discussed by the Appellant, the Court in *Duke University v SIR Corp* found no resemblance in part due to a distinctive design element, which included a swimmer and stylized font. The FLUSTOPPA mark contains a similar distinctive design element with a syringe and stylized font.

*Duke University v SIR Corp*, 2016 TMOB 137 at para 29.  
*Appellant, supra* para 23 at para 26.

38. The Appellant argues that Vaxco’s design element confirms that Vaxco and Healthward’s resemble one another because it conveys that they operate in the same market. The Appellant relies on *Masterpiece v Alavida Lifestyles Inc*, where two trademarks, “Masterpiece the Art of Living” and “Masterpiece Living,” evoked the same idea of “high quality retirement” because the trademarks came from the same industry. The Appellant is conflating the confusion test with the resemblance test. *Masterpiece* deals with a confusion test and two trademarks. This case involves a resemblance test and an official mark. The test for resemblance is made without regard to any of surrounding factors such as the nature of goods or services. Strictly considering resemblance, the design element creates a distinct visual impression.

*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 64 [*Masterpiece*].  
*Kruger, supra* para 31 at para 12.  
*Appellant, supra* para 23 at paras 26-27.

39. While *Mattel, Inc v 3894207 Canada Inc* involved a dispute over a trademark, the Federal Court of Appeal has found it instructive for official marks in attributing a reasonable level of intelligence to the “casual consumer somewhat in a hurry.” The Court held that one cannot assume that the average internet user is completely devoid of intelligence, the normal powers of recollection, or that they are completely uninformed as to what goes on around them.

*Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at paras 56-58.  
*Insurance Corp, supra* para 34 at para 37.

40. It must be assumed that the average consumer using the internet to make an important decision about their health would notice the different ideas conferred by a suffix and design element upon first impression, even if in a hurry. Though the Appellant submits that the test for resemblance is one of first impressions, “it is still possible to focus on particular features of the mark that may have a determinative influence on the public’s perception of it.” The average internet user, aware as to the realities of the internet or devoid of a normal power of recollection, would not mistake Healthward’s official mark for Vaxco’s trademark.

*Pink Panther Beauty Corp v United Artists Corp*, [1998] FCJ No 441 at para 34, [1998] 3 FC 534 (FCA).  
*Appellant, supra* para 23 at para 19.

## **ISSUE 2: EVEN IF VAXCO’S TRADEMARK IS NOT REGISTRABLE, VAXCO MAY CONTINUE USING THE FLUSTOPPA TRADEMARK**

41. Healthward’s official mark cannot prevent or otherwise restrict Vaxco from continuing to use the FLUSTOPPA trademark in Canada for two reasons. First, Vaxco used the FLUSTOPPA trademark in Canada in connection with its healthcare business prior to Healthward’s adoption of its official mark. Second, the injunction Healthward seeks would be inequitable to Vaxco.

### **A. Vaxco’s Prior Use of FLUSTOPPA Grounds a Right to Continued Use**

42. The Court of Appeal correctly held that Vaxco’s prior use of the FLUSTOPPA trademark established a right to continue using the mark in Canada in connection with Vaxco’s healthcare business. Section 9(1)(n)(iii) prevents the adoption of a trademark if a public authority has previously adopted and used a similar mark. The rights of a prior adopter of a trademark are undisturbed by the adoption of an official mark. Adoption requires the use or making known of a mark in Canada. Vaxco made prior use of the FLUSTOPPA mark in association with its booking services and educational materials before Healthward adopted its official mark in January 2019.

*Act, supra* para 17 at ss 3, 9(1)(n)(iii).

*Cdn Olympic Assn v Allied Corp* (1989), 28 CPR (3d) 161 at para 11, [1990] 1 FC 769 (FCA) [*Allied*].  
*Appeal, supra* para 14 at paras 11-12.

### **I. Vaxco's Online Booking Service Constitutes a Service Performed in Canada**

43. Vaxco's display of FLUSTOPPA on its booking page constituted use of the trademark in association with a service. A trademark is used when it is displayed in the performance of a service. The term "service" includes ancillary services. For the display of a trademark on an online service to constitute use, some aspect of the service must be performed in Canada, which only requires that users in Canada derive a tangible benefit from the service.

*Act, supra* para 17 at s 4(2).  
*Miller Thomson LLP v Hilton Worldwide Holdings LLP*, 2020 FCA 134 at paras 85-86, 117 [*Miller*].  
*Kraft Ltd v Canada (Registrar of Trademarks)*, [1984] 2 FC 874 at para 9, 1984 CarswellNat 79 (FCTD).

44. Vaxco's booking service is ancillary to its vaccination services and provides tangible benefits to Canadian users. Booking vaccinations in advance ensures that Vaxco has a reliable supply of vaccines to meet its customer's needs. Canadian users of Vaxco's booking service tangibly benefit from the certainty of a guaranteed vaccination after making a costly trip abroad. In *Miller Thomson LLP v Hilton Worldwide Holdings LLP*, an online booking service for a hotel located outside of Canada constituted a service performed in Canada. Advance bookings were ancillary to the preparation of the hotel's lodging services and the hotel's guests tangibly benefited from the certainty of having guaranteed shelter in a foreign city. Booking vaccinations in advance allows Vaxco and its customers to coordinate the supply and demand for vaccines at each Vaxco clinic, such that neither party wastes resources.

*Miller, supra* para 43 at paras 116, 130.  
*Appellant, supra* para 23 at para 31.

45. The Appellant incorrectly asserts that *Miller* is distinguishable from this case, as users of the booking service in *Miller* received minor travel rewards. As only 3% of the users in *Miller* received discounted bookings, the Court held that the primary benefit underlying the service's

performance in Canada was the certainty of securing lodging abroad. Moreover, in *Société Nationale des Chemins de Fer Français SNCF v Venice-Simplon-Orient-Express*, a booking service for a foreign train was sufficiently beneficial to have been performed in Canada despite the service offering no added incentives. The certainty that online booking services offer Canadian users is sufficiently beneficial on its own to ground prior use of a trademark in Canada.

*Miller, supra* para 43 at paras 126, 130.

*Société Nationale des Chemins de Fer Français SNCF v Venice Simplon-Orient-Express* (2000), 9 CPR (4th) 443 at para 10, [2000] FCJ No 1897 (FCTD).

*Appellant, supra* para 23 at paras 30-31.

46. Contrary to the Appellant's submissions, *Motel 6 Inc v No 6 Motel Ltd* is wrong in law and distinguishable from this case. In *Miller*, Mactavish JA held that *Motel 6* was outdated. Notions of use must adapt to account for 21st century online commerce. In *Motel 6*, the Court held that the service was not performed in Canada given its *ad hoc* nature. The motel's customers called individual hotels to book rooms, whereas Vaxco has a centralized online system allowing users to book vaccinations at multiple clinics. This saves users the time of calling each clinic to check availability. Moreover, unlike in *Motel 6*, consumers can now reasonably expect to make binding agreements with foreign vendors online. Vaxco's Canadian customers pay to make appointments, securing a form of certainty that was far more difficult to attain via telephone forty years ago.

*Miller, supra* para 43 at paras 137-140.

*Motel 6 Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 at para 40, [1982] 1 FC 638 (FCTD).

## **II. Vaxco's Online Educational Materials Constitute a Service Performed in Canada**

47. Vaxco's display of the FLUSTOPPA trademark on its online educational materials also constitutes prior use in association with a service. A trademark holder is not required to derive a profit from its educational materials for the provision of such materials to constitute a service rendered in Canada. The provision of online product guides that give customers detailed information about a foreign retailers' goods constitutes a service rendered in Canada. The benefit



that customers receive from such retailers stems not from the purchase of goods but from the customer's ability to make informed choices on the advice of knowledgeable salespeople. This benefit is present whether the advice comes from a website or a brick-and-mortar store.

*Heenan Blaikie LLP v Sports Authority Michigan Inc*, 2011 FC 273 at paras 2, 19.

48. Vaxco's online educational materials provide its customers with information akin to that provided by knowledgeable salespeople. The Appellant incorrectly claims that Vaxco's materials amount to mere advertising with only "generic information" about its goods like the restaurant menu in *2277279 Ontario Inc v Checkers Drive-In Restaurants Inc*. Coff J found that Vaxco's materials provide information about the benefits of vaccination and that customers used Vaxco's website to "research" Vaxco's products. Canadians have varied health conditions. An uninformed vaccination choice could have fatal consequences. Vaxco's materials encourage its Canadian customers to vaccinate themselves and provide information about Vaxco's vaccines, much like a pharmacist would at a clinic. Such advice tangibly benefits Canadians by helping them make informed choices regarding their health to a degree that is absent from a restaurant menu.

*2277279 Ontario Inc v Checkers Drive-In Restaurants*, 2020 TMOB 19 at para 19.

*Trial, supra* para 7 at para 5

*Appellant, supra* para 23 at para 32.

49. Even if Vaxco's educational materials were insufficient to constitute a service rendered in Canada, the Appellant errs by differentiating between Vaxco's online services. Vaxco's services must be assessed in aggregate and in light of relevant regulations. Vaxco cannot ship vaccines to Canada without regulatory approval, nor can its customers self-administer vaccines. Vaxco's best means of connecting with Canadians is to ship vaccines to its closest U.S. clinics. Similarly, in *Dollar General Corporation v 2900319 Canada Inc*, an online retailer who provided customers with product guides and shipped purchased products to U.S. border cities had rendered services in Canada. Vaxco's aggregate online services are beneficial enough to have been used in Canada.

*Dollar General Corporation v 2900319 Canada Inc*, 2018 FC 778 at paras 7, 26-28.  
*Appellant, supra* para 23 at para 36.

50. Contrary to the Appellant's submissions, the alleged illegality of Vaxco's prior use of the FLUSTOPPA trademark is not relevant to these proceedings for two reasons. First, Vaxco's compliance with the *Food and Drug Regulations* ("FDR") was not before Coff J, who made no findings on this issue. Second, Vaxco's compliance is irrelevant to the issue of use. Vaxco's use was not in association with the sale of drugs, but with ancillary booking and educational services, the advertising of which is not prohibited by FDR C08 002.

*Food and Drug Regulations*, CRC, s 870, C08 002.

#### **B. Vaxco's Prior Use Grounds a Right to All Uses within the Same Class of Business**

51. The Court of Appeal correctly held that Vaxco's prior use of the FLUSTOPPA trademark grants Vaxco the right to continue using the trademark in association with all of the goods and services comprising Vaxco's healthcare business. This reading of section 9(1)(n)(iii) is consistent with the modern rule of statutory interpretation, which dictates that a statute be read in light of the grammatical and ordinary meaning of its text, its statutory context, and its legislative purpose.

*Rizzo & Rizzo Shoes Ltd, Re*, [1998] SCR 27 at para 21, [1998] SCJ No 2 [*Rizzo*].  
*Appeal, supra* para 14 at para 13.

#### **I. The Grammatical and Ordinary Meaning of Section 9(1)(n)(iii) Permits Continued Use of a Trademark within the Same Class of Business as all Prior Uses**

52. The grammatical and ordinary meaning of section 9(1)(n)(iii) permits Vaxco to use the FLUSTOPPA trademark in connection with the sale of any health-related goods and services. Section 9(1)(n)(iii) provides that "no person shall adopt in connection with a business" a mark that nearly resembles a mark "adopted and used by any public authority." Section 3 provides that a mark is adopted when it is used for the first time. The phrase "in connection with a business" defines the condition under which the first use of a nearly resembling mark is prohibited. The indefinite article "a" before the term "business" connotes a singular business. Moreover, section

9(1)(n)(iii) is prospective, applying after a similar official mark has been “adopted and used.” Therefore, section 9(1)(n)(iii) is triggered where a mark is used for the first time in connection with a particular business after a nearly resembling official mark has been adopted and used.

*Act, supra* para 17 at ss 3, 9(1)(n)(iii).

*Canadian Olympic Association v Konica* (1991), 39 CPR (3d) 400 at para 28, [1991] FCJ No 1153 (FCA).

*Royal Roads University v The Queen*, 2003 FC 922 at paras 14-16 [*Royal Roads*].

*Allied, supra* para 42 at para 11.

53. Vaxco first used the FLUSTOPPA mark in association with its online services before Healthward adopted its official mark. Vaxco’s online services are connected with its healthcare business. Thus, Vaxco first used its mark in connection with its healthcare business before the section 9(1)(n)(iii) prohibition took effect with respect to Healthward’s official mark. Any subsequent use of the mark in connection with Vaxco’s healthcare business did not constitute a prohibited adoption in connection with that business because the trademark had already been so adopted legally. Vaxco may use the FLUSTOPPA trademark in association with any good or service that is connected to its healthcare business without contravening section 9(1)(n)(iii).

*Royal Roads, supra* para 52 at paras 14-16.

## **II. A Narrower Reading of Section 9(1)(n)(iii) is Absurd Given its Statutory Context**

54. The Appellant asserts that Vaxco’s prior use of the FLUSTOPPA mark in association with its online services only permits continued use of the mark in association with those particular services. When read in conjunction with section 7(b), this construction of section 9(1)(n)(iii) would result in absurdities that must be avoided. Section 7(b) prohibits a party from directing public attention to its goods, services, or business in a way that would likely cause confusion with those of another at the time of the direction. Section 7(b) is an independent ground for an injunction against use of a mark that is confusing with an unregistered trademark. Thus, Vaxco can prevent anyone, including an official mark holder, from drawing attention to its goods, services, or business such as to cause likely confusion with the FLUSTOPPA booking service.

*Act, supra* para 17 at s 3(b), 9(1)(n)(iii).

*Rizzo, supra* para 51 at para 27.

*Asbjorn Horgard A/S v Gibbs/Nortac Industries Ltd* (1987), 20 CPR (4th) 125 at paras 35, 40-43, 57, [1987] 3 FC 544 (FCA).

*Ontario (Energy) v Quality Program Services Inc*, 2020 FCA 53 at para 4 [*QPS*].

*Appellant, supra* para 23 at para 37.

55. If the Appellant is correct that FLUSTOPPA is likely to be mistaken for Healthward's official mark, then the use of Healthward's mark on vaccines would likely cause confusion with Vaxco's booking system. Some Canadian consumers would reasonably make the mistake of using Vaxco's booking system thinking that they were booking one of Healthward's vaccines. As the prior user, Vaxco could seek an injunction under section 7(b) against Healthward's continued use of its official mark in association with vaccines. Thus, on the Appellant's reasoning, Vaxco could likely rely on the prior use of its trademark in association with its vaccine booking service to enjoin Healthward from using its official mark in association with vaccines, but could not itself use its trademark in association with vaccines. Neither Vaxco nor Healthward would have a right to use their mark in the vaccine market. This is an absurd result that would be minimized if section 9(1)(n)(iii) were read in its grammatical and ordinary sense to permit Vaxco to use the FLUSTOPPA trademark in association with any healthcare-related goods or services.

*Act, supra* para 17 at s 7(b), 9(1)(n)(iii).

### **III. The Purpose of Section 9(1)(n)(iii) Favours Robust Protection of Prior Users' Rights**

56. To best give effect to the purpose of section 9(1)(n)(iii), the rights of prior adopters must be construed as encompassing the entire business connected with their trademark. The purpose of section 9(1)(n)(iii) is to prevent the public from misidentifying the business of commercial parties with the symbols of public bodies. This purpose is impaired equally when a commercial party adopts a mark that resembles an official mark as when a public authority adopts an official mark that resembles an existing trademark. In either case, the commercial party will have a mark associated with its business that resembles the mark of a public authority. Accordingly, prior

adopters of trademarks that resemble official marks retain rights to their trademarks in particular markets. Since public authorities can be enjoined from using similar official marks in these markets, consumers are far less likely to associate them with the prior adopter's business.

*QPS, supra* para 54 at para 4.  
Canada, Parliament, House of Commons, Standing Committee on Industry, Science and Technology,  
*Intellectual Property Regime in Canada*, 41st Parl, 1st Sess, No 108 (1 March 2013) at 4.

57. If Vaxco were to have a right to use its trademark in association with its vaccination booking system, but Healthward could still use its official mark on its vaccines, the purpose of section 9(1)(n)(iii) would be impaired. Canadian consumers could mistake Vaxco's booking system as being for Healthward's vaccinations. Conversely, if Vaxco were to have an exclusive right to use its trademark in the healthcare market, Canadian consumers would be far less likely to misidentify Vaxco and Healthward's operations. Thus, to minimize misidentification, section 9(1)(n)(iii) must be construed such that neither commercial parties nor public authorities may use marks in markets in which nearly resembling marks have previously been adopted. The prior adopter must have an exclusive right to that entire market segment regardless of its identity.

#### **IV. Vaxco's Uses of the FLUSTOPPA Trademark Are All Protected by Its Prior Use**

58. The text, context, and purpose of section 9(1)(n)(iii) suggest that prior use of a trademark protects all uses within the same class of business as the first use. Vaxco's vaccine booking service was ancillary to its healthcare business, which also consisted of the manufacture, distribution, and sale of vaccine-related goods and services. Therefore, all of the uses which the Appellant has alleged as infringing are protected by Vaxco's prior use and cannot be enjoined.

#### **C. An Injunction Against Continued Use Would Be Inequitable to Vaxco**

59. Even if the Court rules against Vaxco's use and validity submissions, the injunction Healthward seeks must be rejected on equitable grounds. The injunction provided for by section 53.2(1) is an equitable remedy subject to the Court's discretion. Adopting a confusing mark to

obstruct a competitor from entering one's jurisdiction constitutes grounds to reject an equitable injunction. Industries knowingly allowed an affiliate to adopt an official mark that was similar to a trademark that Vaxco intended to bring to Canada and then contracted to use that official mark. It can be inferred that Industries' conduct was calculated to obstruct competition from Vaxco.

*Act, supra* para 17 at s 53.2(1).

*Brewster Transport Co v Rocky Mountain Tours & Transport Co*, [1931] 1 DLR 713 at paras 3-4, [1931] SCR 336.

*Microsoft Corp v 9038-3746 Quebec Inc*, 2008 FC 1509 at para 9 (FCTD).

*The Queen v IPSCO Recycling Inc*, 2003 FC 1518 at para 51 (FCTD).

*Enterprise Rent-A-Car Co v Singer* (1996), 66 CPR (3d) 453 at para 95, [1996] 2 FC 694 (FCTD).

60. Although Industries is not a party to this action, the law cannot be construed to permit indirectly what is prohibited directly. Had Industries adopted FLUSTOPPER as a trademark to obstruct Vaxco, such conduct would have been clear grounds for Vaxco to successfully defend an injunction favouring Industries' use of the mark. Industries sought to effect the same obstructive result by allowing a potentially ignorant affiliate to adopt an official mark that Industries then contracted to use. Equity cannot permit Industries to indirectly obstruct Vaxco in a manner that would have been unenforceable had it been done directly.

*Liebman v R*, [1948] 2 DLR 13 at para 6, [1948] Ex CR 161.

#### **PART V – ORDER REQUESTED**

61. The respondent respectfully requests that this appeal be dismissed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Signed this 26<sup>th</sup> day of January, 2021



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Team No. 2R

Counsel for the Respondent

**PART VI – TABLE OF AUTHORITIES**

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# FLUSTOPPA

