

Supreme Court of Intellectual Property

BETWEEN

HEALTHWARD CANADA

Appellant

-AND-

VAXCO Ltd

Respondent

BRIEF FOR APPELLANT

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PART I: PREVIEW

[1] The purpose of this appeal is to protect a charitable organization's official mark against the registration of a trademark by a foreign corporation. This company relies on illegal and fraudulent activities to apply for registration of its trademark. It is fundamental and in the public interest to protect our not-for-profit organizations, especially when they are controlled by the Government of Canada.

[2] The Court must receive this appeal and allow HEALTHWARD to succeed. First, FLUSTOPPER is an official mark as a result of government control by Health Canada over HEALTHWARD, in addition to its goal of promoting access to health care. Thus, the registration of FLUSTOPPA must be refused, since this mark nearly resembles the FLUSTOPPER mark.

[3] FLUSTOPPA cannot be registered due to the scale of VAXCO's activities in Canada prior to its application for registration. Not only were these activities insufficient, they were not part of its ordinary course of business. Moreover, VAXCO cannot rely on illegal and fraudulent advertising to apply for the registration of its mark. Its unauthorized ad of a drug not approved by Health Canada was illegal. FLUSTOPPA cannot therefore be registered because of this *prima facie* violation of a federal law.

PART II: STATEMENT OF FACTS

[4] Healthward Canada (hereinafter "HEALTHWARD") is a charitable and not-for-profit organization headquartered in Toronto. It is affiliated with a global network of public health organizations. Since 2014, HEALTHWARD has been offering educational and educational programs to promote immunization. It provides a free vaccination service

through its mobile clinics. In January 2019, the Registrar gave public notice of adoption and use of the official mark of FLUSTOPPER.

Vaxco v. Healthward (2020), 20 CPICPI 1222 at sub-ss. 2, 8–9, 11, 23 [*Vaxco v. Healthward*]. *Trademarks Act*, R.S.C. 1985, c. T-13, s. 9(1)n)(iii) [*TMA*].

[5] HEALTHWARD is affiliated with several organizations, including Healthward Industries Corp (hereinafter “INDUSTRIES”). HEALTHWARD acquires its medical equipment from INDUSTRIES at fair market value. INDUSTRIES owes it royalties in return for a right to use the FLUSTOPPER mark.

Vaxco v. Healthward, supra sub-s. 4 at sub-ss. 12–13.

[6] Health Canada has the authority to appoint two of the five members of the HEALTHWARD Board of Directors. It is also consulted on its educational programs aimed at promoting vaccination. HEALTHWARD has a funding agreement with Health Canada that covers nearly 75% of its annual expenses. In return for this funding, Health Canada identifies the underserved communities where the mobile vaccination clinics will be operated. Failure to do so would have an implication on the funding offered. The parties may terminate this agreement on reasonable notice.

Vaxco v. Healthward, supra sub-s. 4 at sub-ss. 2, 10–11.

[7] Vaxco Ltd (hereinafter “VAXCO”) is an American company which seeks the registration of a trademark, FLUSTOPPA & Design (hereinafter “FLUSTOPPA”), in the development, distribution and sale of vaccines and medical equipment. Before being approved by Health Canada (February 2019), the presence of vaccines of VAXCO in Canada was only for distribution in Europe. The promotion of FLUSTOPPA on the VAXCO website, print advertising and billboards, encouraged Canadians to receive this vaccine in the United States since it was not yet approved in Canada.

Vaxco v. Healthward, supra sub-s. 4 at sub-ss. 1, 4–6.

[8] VAXCO's registration application was submitted after the approval of its vaccine by Health Canada (February 2019) and the marketing of FLUSTOPPA in Canada (March 2019). The Registrar of Trademarks refused this registration on the basis that this mark nearly resembles the official FLUSTOPPER mark.

Vaxco v. Healthward, supra sub-s. 4 at sub-ss. 3, 5–8.

PART III: MATTERS IN DISPUTE

[9] The matters in dispute are the following:

1. Is FLUSTOPPER an official mark due to the exercise of governmental authority over HEALTHWARD and the positive externalities of its activities?
 - a) Is Health Canada's control over the operations, funding and governance of HEALTHWARD sufficient?
 - b) Is the promotion and accessibility of immunization in the public interest?
2. Does the validity of the official mark of HEALTHWARD (FLUSTOPPER) have the effect of restricting VAXCO's (FLUSTOPPA) use of its nearly resembling trademark?
3. Does VAXCO's prior use allow it to continue using its trademark?
 - a) Can FLUSTOPPA be registered while the use of this mark in Canada is insufficient?
 - b) Can FLUSTOPPA be registered when it has not been used in Canada in the ordinary course of VAXCO business?
4. Can VAXCO register FLUSTOPPA on the basis of illegal activity?
 - a) Should VAXCO's registration be refused on the basis of a *prima facie* violation of a federal law?

b) Is VAXCO's advertisement, for which prior approval as a new drug in Canada was subject to approval of that advertisement, a *prima facie* violation of a federal law?

5. Is a permanent injunction the proper remedy?

PART IV: ARGUMENT

I. HEALTHWARD has an official mark as a result of government control by Health Canada and its public interest activities

[10] HEALTHWARD is protected by an official mark, since it is "to a significant extent subject to government control, and [...] the public benefits [from] [its] activities". Health Canada exercises control over its governance, operations, and funding. In addition, the public benefits from the accessibility of free vaccination.

TCC Holdings Inc. v. Families as Support Teams Society, 2014, See 830 at sub-s. 21.

[11] Trademarks adopted and used by public authorities in Canada enjoy exclusive protection. This protection restricts the granting of registration of so-called prohibited marks. Thus, FLUSTOPPER became a prohibited mark in January 2019, when a public notice of adoption and use was given by the Registrar in the Trademarks Journal.

TMA, *supra* sub-s. 4, s. 9(1)n(iii), as cited in *Canadian Olympic Association v. Techniquip Ltd* (1999), 3 CPR (4th) 298, 1999 2511 CarswellNat at sub-s. 12 (WL Can) (FCA).

A. Health Canada exercises control over HEALTHWARD

a. Health Canada exercises control over the governance of HEALTHWARD

[12] Government of Canada control is exercised through the appointment of two of the five directors of HEALTHWARD by Health Canada. In this regard, "the participation of government

delegates” within the board of directors highlights the direct government control in the management and governance of this body.

Anne of Green Gables Licensing Authority Inc v. Avonlea Traditions inc. [2000] OJ No. 740, 4 CPR (4th) 289 at sub-s. 170.

Vaxco v. Healthward, supra sub-s. 4 to sub-ss. 11.

Assn of Architects (Ontario) v. Assn of Architectural Technologists (Ontario), 2002 FCA 218 at sub-s. 59 (WL Can) [*Assn of Architects v. Assn of Architectural Technologists*].

[13] The Court of Appeal erred in concluding that HEALTHWARD can unilaterally terminate the control exercised by Health Canada. Indeed, Health Canada exercises control as a member of a not-for-profit corporation. Not only can Health Canada participate in the election of the directors of HEALTHWARD, it has the exclusive right to elect two of the five members of the board of directors.

Canada Not-for-Profit Corporations Act, SC 2009, c. 23, ss. 128 (3), 132 (4) - (5), 199 (b) [*NPO Act*].

Vaxco v. Healthward, 2020 CAIP 333 at sub-s. 8.

[14] In addition, it is not possible to infringe on Health Canada's right to appoint directors. A special resolution of the members of each class is required to modify or delete exclusive rights. As exclusive class holder, Health Canada's consent is required for any decision listed in subsection 197(1). Health Canada is therefore protected against a dilution of its voting rights, in particular with regard to changes concerning the classes, number and conditions required to become a member.

NPO Law, supra sub-s.13, ss. 7(1)c), 197(1) f), 199(b).

b. Health Canada exercises control over the operations of HEALTHWARD

[15] The Government of Canada exercises control over the HEALTHWARD's operations, because Health Canada closely monitors its operations. Indeed, Health Canada is consulted on HEALTHWARD'S curriculum and promotional material with regard to the pedagogical

and educational programs offered. These programs aim to promote immunization across Canada. Moreover, Health Canada identifies the regions targeted for the administration of vaccines by HEALTHWARD.

Vaxco v. Healthward, supra sub-s. 4 to sub-ss. 11.

Assn of Architects v. Assn of Architectural Technologists, supra sub-s. 12 to sub-s. 62.

Registrar of Trademarks v. Canadian Olympic Association (1982), [1983] 1 CF 692, 139 DLR (3rd) 190 (WL Can) (CAF) [*Registrar of Trademarks v. Canadian Olympic Association*] at sub-ss. 28–33 .

c. Health Canada exercises control over funding for HEALTHWARD

[16] Government control does not have to be direct. HEALTHWARD is dependent on Health Canada funding and must meet its requirements to cover 75% of its budget. In fact, a funding agreement with the government and close cooperation with it are considered sufficient when the organization receives significant financial assistance. In this regard, the case law indicates that even a contribution of "30 to 40 percent of the total cost of representation" is sufficient.

"Fascicule 13: Marques de commerce interdites par l'article 9 de la *Loi sur les marques de commerce*" at No.30, Teresa Scassa, dir, JCQ *Propriété intellectuelle* (QL).

Registrar of Trademarks v. Canadian Olympic Association, supra sub-s. 15 at sub-ss. 5, 30.

Vaxco v. Healthward, supra sub-s. 4 to sub-ss. 10.

B. Promotion and free vaccination by HEALTHWARD are of public interest

[17] HEALTHWARD's educational programs are of public interest. The promotion of public health requires the implementation of preventive measures, the identification of the needs of the population and the efficient and strategic allocation of available resources. In this regard, the free offer of vaccination reduces disparities in the provision of health care, which encourages people to get vaccinated.

The Health Protection and Promotion Act, R.S.O. 1990, c. H.7, ss. 2, 38–39.

Public Health Act, CQLR c. S-2.2, ss. 53–56.

John Grabenstein, "Should Vaccines Require a Prescription?"(1998) 32 *Annals of Pharmacotherapy* pp. 495 to 497.

Michelle Normandeau, “La loi 41 et la santé publique Les petits et grands gestes qui font une différence” (2013) 21: 2 *Actualités pharmaceutiques* on p. 17.
Vaxco v. Healthward, *supra* sub-s. 4 at sub-ss. 2, 11, 20–6.
Nicolas Clere, « La vaccination, véritable enjeu de santé publique » [Vaccination, a real public health issue] (2013) 52: 522 *Actualités Pharmaceutiques* 38 on p. 38.

[18] Vaccination is an important public health tool. Despite its low cost, its positive externalities have the effect of “preventing infectious diseases”. Studies show that the reluctance of the population of industrialized countries to be vaccinated has the effect of “reducing vaccination coverage”. However, promoting the importance of vaccination reduces the “fear of adverse effects” and “disinformation”.

Scassa, *supra* sub-s. 16.
Pierre Begue, “Hésitation vaccinale et contestations autour de la vaccination en 2017” (2017), 4 *Intl J of Medicine & Surgery* 80 at pp. 80–81.
Normandeau, *supra* sub-s. 17.
Clere, *supra* sub-s 17.

II. The VAXCO trademark cannot nearly resemble the official HEALTHWARD mark

[19] HEALTHWARD, being the holder of the official FLUSTOPPER mark, is protected against any possible confusion. These words cannot therefore be adopted by third parties. Thus, the FLUSTOPPA trademark can neither be registered nor used. To use its trademark in Canada, VAXCO had to register it prior to the publication of the Registrar's Notice in January 2019. In addition, political and social considerations specific to the marketing and distribution of pharmaceuticals require limiting this type of confusion in the public interest.

TMA, *supra* sub-s. 4, ss. 9(1)(iii), 12(1)e.
Kirkbi AG v. Gestions Ritvik Inc, 2003 FCA 297 at sub-s. 80.
Vaxco v. Healthward, *supra* sub-s. 4 to sub-s. 8.

[20] The nearly resembling character of FLUSTOPPER and FLUSTOPPA contravenes subparagraph 9(1)(iii) of the *TMA*, since the proposed mark “could likely be

mistaken” with the official mark. Thus, the FLUSTOPPA trademark cannot be registered under paragraph 12(1)(e) of the *TMA*.

TMA, *supra* sub-s. 4, ss. 9(1)n (iii), 12(1)(e).
Canadian Council of Professional Engineers v. APA - Engineered Wood Assn, [2000] ACF 1027, 2000 CanLII 15543 sub-s. 69 (CF).
Canadian Olympic Assn v. Olymel, 2000 CanLII 15748, 7 CPR (4th) 309, 183 FTR 290 at sub-s. 26 (CF).

[21] In addition, “a person who is familiar with [FLUSTOPPER] but does not perfectly remember it [...] could likely confuse it” with FLUSTOPPA. The assessment is not limited to the visual comparison. Consideration must also be given to the factors set out in paragraph 6(5)(e) of the *TMA*, namely the degree of similarity in look, sound or ideas that the marks suggest. Moreover, Blais J. confirmed, in *Accessoires d'Autos Nordiques*, the crucial nature of paragraph 6(5) (e) of the *TMA*.

R v. Kruger, [1978] CMO 109, 44 CPR (2nd) 135 at sub-s. 12 (QL).
TMA, *supra* sub-s. 4, s.6 (5) (e).
Pacific Carbon Trust Inc v. The Carbon Trust, 2012 CMO 98 at sub-s. 16, conferred by 2013 CF 946 [*Pacific Carbon*].
Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games v. Bester, 2009 CarswellNat 3269, 2009 CanLII 82114 at sub-s. 17 (CA TMOB).
Canadian Tire Corporation Limited v. Accessoires d'autos nordiques inc, 2006 CF 1431 at sub-s. 32, conferred by 2007 FCA 367 at sub-s. 14 [*Canadian Tire Corporation Limited v. Accessoires d'autos nordiques inc*].

[22] Indeed, the Supreme Court of Canada notes that the analysis of the likelihood of confusion as to the degree of resemblance provides that “marks with a number of differences may also give rise to confusion”.

Masterpiece Inc v. Alavida Lifestyles Inc, 2011 SCC 27 at sub-s. 62 [*Masterpiece*].

[23] The comparison of the "dominant elements" of FLUSTOPPER and FLUSTOPPA allows to conclude a strong degree of resemblance. The Supreme Court of Canada has recognized that "if these [dominant] elements are common in the marks of both parties, it can be concluded that there is a resemblance between these marks".

Scassa, *supra* sub-s. 16 at sub-s. 15.

[24] The typographical resemblance of FLUSTOPPER and FLUSTOPPA can confuse the public. Their first two syllables, "FLU" and "STO", are identical. However, *Conde Nast* acknowledges the importance of the first syllables for purposes of distinctness.

Conde Nast Publications Inc v. Union of Modern Editions, 1979 CarswellNat 785, 46 CPR (2nd) 183, [1979] 3 ACWS 320 at sub-s. 34 (CF) (WL Can).
Masterpiece Inc v. Alavida Lifestyles Inc, 22 at sub-s. 63.

[25] Even though the VAXCO trademark is accompanied by a design, this does not change the fact that FLUSTOPPA's type is remarkably visible. The words are the striking elements in this case because they represent more than half of the trademark. Moreover, the design of the syringe would not be pronounced. As a result, the parties' marks share similarities due to their almost identical names.

Pacific Carbon, *supra* sub-s. 21 at sub-ss. 18–19.

[26] In addition, the pronunciation by an "English-speaking", "French-speaking" or "Bilingual" consumer of FLUSTOPPER and FLUSTOPPA is almost identical. Indeed, a simple reading is enough to determine that they diverge only by their ending, the "ER" and the "A". This similarity when written or spoken inevitably leads to confusion in the consumer having only a vague recollection.

Pierre Fabre Médicament v. Smithkline Beecham Corp, 2001 FCA 13 at sub-s. 15.
Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée, 2006 SCC 23 at sub-s. 36 [*Veuve Clicquot*].

[27] The Court provides that a "strong phonetic and visual resemblance" between "*Fonorola*" and "*Motorola*" confuses people who have a vague recollection of the "name". It would therefore be likely to conclude that these marks are associated.

Fonorola Inc v. Motorola Inc (1998), 144 FTR 97, 78 CPR (3rd) 509 at sub-ss. 27, 29 (CF).

[28] Ultimately, these marks convey a "same idea" in the mind of the consumer because of their connection to vaccination and their identical meaning. They both start with the word "FLU". To this end, the names of the influenza vaccine, approved by

Public Health Ontario, begin with “Flu”: "FluLaval Tetra", "Fluzone Quadrivalent", “Flucelvax Quad” and “Fluzone High Dose”. This is why FLUSTOPPER and FLUSTOPPA are necessarily associated with vaccination against influenza.

Veuve Clicquot, supra sub-s. 26 at sub-s. 35.

Vaxco v. Healthward, supra sub-s. 4 at sub-ss. 1–6.

Ontario Agency for Health Protection and Promotion, *Influenza Vaccines for the 2020–2021 Influenza Season* (backgrounder), Toronto, Public Health Ontario, 2020 at p. 1.

[29] Furthermore, the terms "STOPPER" and "STOPPA" are based on the word "Stop" in English. Despite minor differences in the way they look and sound, these marks suggest the “same idea” of fighting the flu.

“Fascicule 17: Probabilité de confusion: Critères d’appréciation” at No. 15 in Barry Gamache, dir, JCQ

Propriété intellectuelle (QL).

Major League Lacrosse LLC v. Effigi Inc, 2012 TMOB 133 at sub-ss. 27–28.

[30] Unlike other spheres of economic activity, the pharmaceutical industry does not receive much media coverage. Compliance with Health Canada advertising standards is necessary and is intended to protect the consumer. Confusion and resemblance of trademarks in the pharmaceutical field is contrary to the public interest and can have major impacts. Therefore, protecting the almost identical appearance of trademarks is of public interest, particularly in the pharmaceutical industry.

Bridgestone Corporation v. Campagnolo S.R.L., 2014 FC 37 at sub-ss. 57–58.

Sanofi-Aventis v. GlaxoSmithKline Biologicals SA, 2010 TMOB 200 at sub-ss. 43-44.

[31] Since confusion regarding drugs is dangerous, it is essential to limit the risk of consumer confusion, in particular by limiting the use of similar names. In the case of vaccines, this confusion leads to implications as to the timely granting of booster doses, if applicable, protection against certain diseases, as well as the risks of allergic reactions. Any significant resemblance should therefore be avoided, particularly when it comes to drugs of different compositions.

[32] The registration of FLUSTOPPA must be refused, since its resemblance to FLUSTOPPER would have the effect of misleading the public. For example, the *Johnson & Johnson case* provides that two pharmaceutical marks, MICOZOLE and MICONAZOLE, are very similar when written or spoken. To this end, the courts rigorously apply this criterion in the pharmaceutical field, even when it comes to distinguishing a generic drug. In view of the above, social political considerations require that similarity criterion be strictly applied in the pharmaceutical field, in order to protect the public against erroneous drug administration.

Johnson & Johnson v. Taro Pharmaceuticals Inc. 1998 CarswellNat 3073, 87 CPR (3rd) 338 (WL Can) (CA TMOB) at sub-s.10.

III. VAXCO's prior use does not allow it to continue using FLUSTOPPA

A. FLUSTOPPA cannot be registered, since it has not been used in Canada

[33] The validity of VAXCO's trademark must be based on the use of FLUSTOPPA in Canada. Therefore, VAXCO cannot object to the use of its mark in the United States or Europe. Indeed, operating a business outside of Canada and promoting it within Canada "does not constitute performance of such services".

TMA, supra sub-s. 4, s. 4.
Supershuttle International Inc (Re), 2014 TMOB 155 at sub-ss. 32,38 [*Supershuttle International Inc*].

[34] To be opposable in Canada, FLUSTOPPA had to be duly registered under the Madrid Protocol. Not having obtained an international registration, VAXCO cannot file for registration on the basis of use in the United States or Europe.

Kelly Gill *Fox on Canadian Law of Trademarks and Unfair Competition*, 4th ed., Carswell (2002).
World Intellectual Property Organization, *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks*, June 27, 1989.
Sébastien Lapointe, "Les traités de Madrid et de Nice entreront finalement en vigueur au Canada le 17 juin 2019", (2018), Éditions Yvon Blais.

[35] Moreover, even if the registration was duly filed, Canada had not joined the Madrid Protocol at the time of the registration request. Indeed, VAXCO's application to the Registrar was submitted in March 2019, while the Protocol's accession came into force on June 17 of the same year.

TMA, supra sub-s. 4, s.
65.1. Lapointe, *supra* sub-s.
34.

B. The use of FLUSTOPA was not part of VAXCO's ordinary course of business

[36] The prior use of the FLUSTOPA mark in Canada was not part of VAXCO's ordinary course of business. Indeed, although the VAXCO website featured FLUSTOPPA, this use was not part of its regular activities. However, section 4 of the *TMA* provides that a trademark is deemed to be used in association with goods only if it is used in the ordinary course of trade.

Vaxco v. Healthward, supra sub-s. 4 at sub-ss. 1, 4–5.
TMA, supra sub-s. 4, s. 4.

[37] The presence of vaccines in Canada was only justified for logistical purposes. Indeed, VAXCO is not a transport company. Its goods are therefore simply in transit in Canada. To this end, the vaccines of VAXCO being “exported through Canada”; they are not used there in relation to its products and services. Thus, the FLUSTOPPA mark is not deemed to be used in VAXCO's ordinary course of business, since export is not from Canada.

Vaxco v. Healthward, supra sub-s. 4 at sub-s. 6.
Pro-C Ltd v Computer City Inc, 2001 OJ 3600, 55 OR (3rd) 577 (ON CA).
TMA, supra sub-s. 4, s. 4.

[38] The availability of information on the importance of vaccination was aimed at promoting the vaccine, which was not authorized by Health Canada until February 2019. In addition, these activities in Canada were limited to making appointments for administration of the vaccine in the United States.

Thus, the FLUSTOPPA trademark was not deemed to be used under section 4(1) of the *TMA* prior to Health Canada approval in February 2019.

Vaxco v. Healthward, *supra* sub-s. 4 at sub-ss. 4–6.
Supershuttle International Inc, *supra* at sub-s. 33 at sub-s. 29.

[39] The service offering, when performed outside of Canada, does not meet the requirement of "use of the mark in Canada". Thus, advertising and reservations prior to the commercialization of VAXCO in March 2019 are not relevant, as its clinics were not "physically in Canada". Indeed, the delivery of a medical service, such as the administration of a vaccine cannot be done remotely.

Sfera 39-E Corp (Re), 2017 TMOB 149 at sub-ss. 94, 97, 104 (QL) [*Sfera 39-E Corp*].

[40] In *Sfera 39-E Corp*, the Trademarks Opposition Board stated that “the fact that people see a trademark on a computer screen in Canada is likely to establish the use of this trademark, the fact remains that the services covered by the registration must be performed in Canada”. A distinction must be made between promoting and operating a mark in Canada. Indeed, “it was held that where a trademark is associated with advertising in Canada for services that can only be benefitted from outside of Canada, proper use of the trademark has not been shown”. In this regard, the mere accessibility of the VAXCO website and the promotion of FLUSTOPPA does not meet the requirement of prior use.

Sfera 39-E Corp, *supra* at sub-s. 39 at sub-ss. 88, 94 – 95, 102 (QL).
Supershuttle International Inc, *supra* at sub-s. 33 at sub-ss. 14, 40.

[41] Due to the evolution of information technology, particularly with regard to the almost universal accessibility of websites, the idea that the virtual display of a trademark is sufficient to guarantee the protection of trademarks must be rejected.

Sfera 39-E Corp, *supra* at sub-s. 39 at sub-ss. 61, 88, 94 – 95 (QL).

[42] A distinction must be made between “services performed in Canada [...] and services performed outside Canada”, but targeted to Canadians. To this end, subsection 4(2) of the *TMA* provides that “a trademark is deemed to be used in association with services [only] if it is used or displayed in the performance [...] of those services”. Prior to Health Canada's approval, VAXCO targeted Canadians with the promotion of its vaccine and on its website. However, this promotion was for a service in the United States, since administration of the vaccine has not yet been authorized. Thus, the VAXCO website, although accessible to Canadians, did not meet the requirement of section 4(2) of the *TMA*.

TMA, *supra* sub-s. 4, s. 4.(2).

UNICAST SA v. South Asian Broadcasting Corporation Inc, 2014 CF 295 at sub-ss. 27, 46, 61-65, 67
[*UNICAST SA v. South Asian Broadcasting Corporation Inc*].

[43] The broad interpretation of section 4 of the *TMA* will have the effect of affecting local trade. Indeed, foreign businesses could, because of prior use on the web, obtain "the cancellation of a genuine Canadian trademark". Proof of prior use in Canada therefore aims to protect local businesses. This protection is all the more important for official marks.

TMA, *supra* sub-s. 4, s. 4.

UNICAST SA v. South Asian Broadcasting Corporation Inc, *supra* sub-s. 43 to 47.

IV. VAXCO cannot register FLUSTOPPA on the basis of illegal activity

[44] VAXCO cannot demand the registration of its mark, even if it establishes its use. Without having obtained prior approval from Health Canada for its vaccine, its advertising was illegal. VAXCO cannot rely on the violation of the *Food and Drugs Act*, R.S.C. 1985, c. F-27 to claim its trademark.

A. VAXCO cannot base FLUSTOPPA's registration on its *prima facie* violation of a federal law

[45] The VAXCO vaccine is a new drug since it was not sold in Canada until February 2019. Thus, it “has not been sold as a drug in Canada for long enough and in sufficient quantity to establish the safety and efficacy of this substance in Canada”.

Food and Drug Regulations, C.R.C., c. 870, at sub-s. C.08.001 (1) (1978) [*Food and Drug Regulations*].
Vaxco v. Healthward, *supra* sub-s. 4 at 4.
Bristol-Myers Squibb Co v. Canada (PG), 2005 SCC 26 at sub-s. 29 [*Bristol-Myers Squibb Co v. Canada*].

[46] VAXCO was therefore subject to the requirements under regulation C.08.002, prohibiting the sale and advertisement of FLUSTOPPA before the filing of a new drug submission and the issue of a notice of compliance by the Health Minister.

Food and Drug Regulations, *supra* sub-s. 45 at section C.08.002 (1) (1978).
Bristol-Myers Squibb Co v. Canada, *supra* sub-s. 45 at sub-ss. 15–17.

[47] VAXCO's advertising campaigns were illegal, since the nature, benefits and safety of the vaccine had not yet been demonstrated. To this end, Health Canada provides that “promotion of a drug prior to market authorization is not permitted [...] because the terms of such authorization have not been established and the proposed indication(s) for use have not been verified”. VAXCO's advertising activities were therefore carried out in violation of the *Food and Drugs Act*.

Health Products and Food Branch, *The Distinction Between Advertising and Other Activities* (Policy), August 2005 Update, Health Canada, 1996 at p. 2 [*Distinction between Advertising and Other Activities*].
Food and Drugs Act, R.S.C. 1985, c. F-27, s. 9(1) [*Food and Drugs Act*]. *Food and Drug Regulations*, *supra* sub-s. 45 at section C.08.002 (1) (1978).

[48] VAXCO cannot restrict rights acquired on the basis of a *prima facie* violation of federal law. Proof of use of VAXCO is inadmissible because its marketing prior to Health Canada approval was illegal.

Canadian Red Cross Society v. Kit Care Corp 1998 CarswellNat 3066, 86 CPR (3rd) 536 (WL Can) (CMOC) at sub-s. 10.
E Remy Martin & Co SA v. Magnet Trading Corp (HK) Ltd 1988 CarswellNat 1457, 23 CPR (3rd) 242 (WL Can) (CMOC) at sub-s. 9.
Institut National des Appellations d'Origine v. Chock Full O'Nuts Corp, 2000 CarswellNat 2469, 9 CPR (4th) 394 (WL Can) (CMOC) at sub-s. 7.

[49] An opponent to the registration of a proposed trademark must establish a potential violation of federal law “as opposed to finding that there has actually been contravention”. It is up to the applicant to refute this violation and to establish its conformity. Courts recognize that a *prima facie* violation of the *Food and Drugs Act* or its regulations violates section 30 (i) of the *TMA*. Indeed, VAXCO could not apply for registration of its trademark on the basis of paragraph 30(i), as it appeared at the time of its application for registration, in March 2019.

Interactiv Design Pty Ltd v. Grafton-Fraser Inc. 1998 CarswellNat 3069, 87 CPR (3rd) 537 at sub-s. 12 (WL Can) (CMOC).
Institut National des Appellations d'Origine v. Brick Brewing Co Limited, 1995 CanLII 10276, 66 CPR (3rd) 351 at sub-ss. 3,7 (CA CMOC) [*Institut National des Appellations d'Origine*].
TMA, *supra* subsection 4 to subsection 30(i), as published December 30, 2018.
Vaxco v. Healthward, *supra* sub-s. 4 at sub-s. 6.

[50] Even if VAXCO demonstrated its sincere belief and good faith in its right to use the mark, HEALTHWARD's grounds for opposition must be upheld. Indeed, due to the exceptional nature of the *prima facie* violation of a federal law provision, VAXCO cannot register its mark unless it rebuts this presumption.

Institut National des Appellations d'Origine, *supra* sub-s. 49 at sub-ss. 3,34.
Engineers Canada v. Bryant, 2016 TMOB 177 at sub-s. 20.

B. VAXCO’s advertising was illegal because prior approval of a new drug is conditional on approval of its advertising

[51] Health Canada's Marketed Health Products Directorate distinguishes between advertising activities "aimed at promoting the sale of a drug" and other activities. The *Food and Drugs Act* defines an advertising or message as “any

representation, by any means [...] for the purpose of promoting directly or indirectly the sale or disposal of any [...] drug [...]"

The Distinction Between Advertising and Other Activities, supra sub-s. 47 at p.1.
Food and Drugs Act, supra sub-s. 47 at s. 2 "advertising or message".

[52] VAXCO was carrying out "in print and billboard advertising" in Canada. This is how it encouraged the population to travel to the United States to receive its vaccines that were not approved before January 2019. In addition, the information available on its website is defined as a promotional activity, since it was intended for the promotion and sale of its products and services, featuring its trademark FLUSTOPPA. This constituted a message under *the Food and Drugs Act*. FLUSTOPPA cannot be registered, as these promotional activities contravene with paragraph 30(i) of the *TMA*.

Vaxco v. Healthward, supra sub-s. 4 at sub-ss. 5-6.

[53] These promotional activities violate the direct-to-consumer advertising requirements concerning vaccines. Indeed, advertising any drug or preventive measure for the treatment of a disease is prohibited unless there is legislative exemption or prior approval. There is no evidence of such exemption or approval. In this regard, Health Canada provides that "all direct-to-consumer advertising and related advertising material should be submitted for review and pre-approval to the Pharmaceutical Advertising Advisory Board (PAAB) or Advertising Standards Canada (ASC) before being released to the target audience".

Health Products and Food Branch, *Fair Balance in Direct-to-Consumer Advertising of Vaccines* (Interim Guidance document), Health Canada, 09-134400-243, December 8, 2009 at p. 1.

[54] Indeed, the vaccines as a "drug of biological origin" are defined as "immunizing agents" in Schedule D of the *Food and Drugs Act*. However, "no person shall

sell a drug listed in Schedule [...] D [of the *Food and Drugs Act*]” without prior approval.

Food and Drugs Act, *supra* subsection 47 at sections 9 (1), 12, Schedule D.

Vaxco v. Healthward, *supra* sub-s. 4 at sub-s. 7.

Jema International Travel Clinic Inc v. R, 2011 CCI 462 at sub-ss. 76–78.

Food and Drug Regulations, *supra* sub-s. 45 at section C.08.001 (1) (08.002)(1) (1978).

[55] The Marketing Authorization (“MA”) and assigned drug identification number of the immunizing agent were required to submit an application for public advertising approval. The Advertising Standards require that “each claim and advertising in its entirety must be in conformity with the MA”. If these requirements are not met, the VAXCO trademark cannot be registered due to its *prima facie* violation of federal law.

Ad Standards, *Guidelines for Consumer Advertising Advertising of Health Products for Nonprescription Drugs, Natural Health Products, Vaccines and Medical Devices*, 2018, at pp. 3–4.

V. A permanent injunction should be issued in favor of HEALTHWARD

[56] A permanent injunction in favour of HEALTHWARD is the appropriate remedy in this case. The validity of HEALTHWARD's official mark allows it to petition for a permanent injunction under subsection 53.2(1) of the *TMA*.

1711811 Ontario Ltd (AdLine) v. Buckley Insurance Brokers Ltd, 2014 ONCA 125 at sub-s. 79.

Dobis v. Dobis, 2019 ONSC 4027 at sub-s. 35.

TMA, *supra* sub-s. 4, s. 53.2.(1).

[57] HEALTHWARD has the exclusive right to use and authorize the use of the official FLUSTOPPER mark in Canada. Being a prohibited mark under subparagraph 9(1)(n)(iii) of the *TMA*, no person, other than HEALTHWARD and INDUSTRIES, shall adopt as a trademark or so use any mark that is the same or nearly resembling.

Vaxco v. Healthward, *supra* sub-s. 4 at sub-ss. 8,19.

TMA, *supra* sub-s. 4, s. 9(1)n)(iii).

[58] The injunction is an appropriate remedy in this case, since FLUSTOPPER is an official mark whose use is prohibited under section 11 of the *TMA*. Indeed, section 11 specifies that no one can use an adopted mark contravening to section 9 of the *TMA*. The fact that VAXCO did not refrain from going against a published official mark to register and use its trademark, demonstrates the importance of granting a permanent injunction.

TMA, *supra* sub-s. 4, ss. 9,11.

Ottawa Athletic Club inc (Ottawa Athletic Club) v. Athletic Club Group inc, 2014 CF 672 at sub-ss. 88, 323 [*Ottawa Athletic Club inc v. Athletic Club Group inc*].

[59] In the *Bombardier* case, a permanent injunction was granted on the grounds that the defendant infringed the Bombardier patent. A similar reasoning should be applied here, although the patent regime instead confers a monopoly to a patent holder. The Official Marks Regime confers an exclusive right to use a mark for which a public notice of adoption and use has been given by a public authority. Allowing a company to continue to infringe an exclusive right protected by this regime would be contrary to the objectives of this regime.

Bombardier Recreational Products Inc v Arctic Cat Inc, 2020 FC 691 at sub-s. 181, conferred by 2020 FCA 116.

[60] Finally, a permanent injunction should be pronounced since FLUSTOPPER is a prohibited mark under section 10 of the *TMA*. It is well established that the terms of section 10 of the *TMA* are similar to that in section 9 of the *TMA*. It will therefore be necessary to apply the test of "vague recollection" established in *Kruger*. In the present case, FLUSTOPPER and FLUSTOPPA both have low distinctiveness. A person with an imperfect recollection of these two marks would likely be confused by their significant resemblance.

Ottawa Athletic Club Inc. v Athletic Club Group Inc., *supra* at sub-s. 58 at sub-ss. 88, 311–320.

TMA, *supra* sub-s. 4, s. 10.

R v. Kruger, *supra* sub-s. 21 at sub-s. 12.

Gill, *supra* sub-s. 34, c5 at No. 66.6–66.8.

[61] For these reasons, the permanent injunction order is the appropriate remedy for HEALTHWARD because of the rights protecting its official mark.

PART V: THE ORDER SOUGHT

[62] The appellant petitioned the court to overturn the Court of Appeal’s decision, with costs.

ALL RESPECTFULLY SUBMITTED

Signed in Ottawa, this 12th day of January,
2021

Team Number 3
Counsel for Appellant

PART VI – TABLE OF AUTHORITIES

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