

**BEFORE THE SUPREME COURT OF THE SIMULATED COURTS FOR
INTELLECTUAL PROPERTY APPEALS**

BETWEEN:

HEALTHWARD CANADA

Appellant

-and-

VAXCO, LTD.

Respondent

RESPONDENT'S FACTUM

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PART I – Overview

[1] Today, trademarks are synonymous with power in private markets; they therefore acquire great value for companies. If trademarks constitute a right providing many protections, even of economic advantages for whoever can avail themselves of them, this is all the more true for official marks. These grant such broad protections that the minimum due diligence process for the recognition of an official mark results in uses that are contrary to the law and purpose of such marks. This finding is the subject of this appeal, highlighting the legal imbalances resulting from the improper granting of an official mark.

[2] This action underscores the refusal of registration of a valid trademark for claim by an entity that has been wrongly recognized as a public authority by the Registrar of Trade Marks (the “Registrar”) of a invalid official mark. This error by the Registrar is subject to review by the Court.

[3] The Court of Appeal correctly found that, on the one hand, Vaxco’s mark should have been registered by the Registrar, and on the other hand, that the injunction claimed by Healthward is inappropriate in the circumstances.

PART II – Summary of Facts

A. Parties to the dispute

[4] **Vaxco Ltd.** (“Vaxco”), a company manufacturing, distributing, selling and administering vaccines while participating in various educational initiatives focused on the benefits of vaccination. Its presence in Canada is growing, adding to its long-standing activities in the United States.

[5] **Healthward Canada** (“Healthward”) is a not-for-profit organization formed through a charitable initiative of a group of for-profit companies. It oversees immunization education and the free administration of vaccines. The vaccines and the medical equipment made available to Healthward result from a fair market value agreement with Healthward Industries Corp. (“Industries”), a Canadian for-profit entity with which it is affiliated.

B. Facts in issue

[6] In February 2019, Vaxco obtained marketing authorization from Health Canada for its vaccines and tries to register its trademark in Canada.

[7] When Vaxco submits the FLUSTOPPA & Design trademark to the Registrar, the latter refuses to register it, invoking sub-s. 12(1)e) *TMA*.

[8] Vaxco has used its FLUSTOPPA trademark extensively in the United States for 20 years, although it does not sell vaccines intended for Canadian consumers on Canadian markets, despite using its trademark in Canada in the context of transactions for the delivery of vaccines in Europe from North America.

[9] In Canada, Vaxco uses its FLUSTOPPA trademark on its educational website visited by Canadians on a recurring basis, some using it to pre-shop for immunization services they will purchase in the United States in the future. Vaxco is also launching advertising campaigns in Canada, near the US border.

[10] On its arrival in Canada, Healthward began lobbying the government. In 2015, it signed an agreement with Health Canada providing it with most of its operating costs every year. In return, Health Canada is given two seats on Healthward's Board of Directors.

[11] Healthward Industries Corp., the for-profit entity affiliated with Healthward, uses the FLUSTOPPER trademark with permission from Healthward with full awareness of Vaxco's use its FLUSTOPPA trademark in the United States and of the application submitted by Vaxco to Health Canada for the sale of FLUSTOPPA trademark vaccines in Canada.

PART III – Issues

[12] This appeal raises two issues:

1. Did the Court of Appeal err in finding that Vaxco could register its “FLUSTOPPA” mark?
2. Did the Court of Appeal err in finding that the injunction issued by the trial judge in favor of Healthward was invalid and inappropriate in light of the circumstances?

PART IV - Arguments

A. The Court of Appeal did not err in finding that the Registrar should have registered the FLUSTOPPA & Design trademark

[13] In the *Vaxco v. Healthward Canada*¹ decision, the Court of Appeal found that the trial judge had erred in upholding the refusal of registration pronounced by the Registrar. Indeed, relying in particular on the official mark cited by Healthward in relation to its FLUSTOPPER² trademark, it reverses the Trial Court's decision and finds that the Registrar should have registered Vaxco's trademark. This result is well founded in law.

1. *Vaxco v. Healthward Canada*, 2020 CAIP 333.

2. *Ibid* at paras 2 and 4.

3. *Ibid* at paras 2 and 5.

[14] The Court of Appeal correctly found that Healthward, not being a public authority, does not hold an official mark in FLUSTOPPER, and that the FLUSTOPPA trademark is valid and cannot be refused registration under s. 12(1)e) TMA.

1. The test for confusion from s. 6 TMA is not applicable to the dispute between Vaxco and Healthward

[15] Confusion, in the context of this dispute, was incorrectly used in the initial trial⁴, which led the trial judge to incorrectly apply confusion as described in ss. 6(1) and 6(5) TMA to an action involving an official mark. The Court of Appeal correctly rejected this incorrect reasoning in favor of the identity test of the trademarks or the resemblance as it would have the effect of people being mistaken by confusing the trademarks⁵.

4. *Vaxco v. Healthward*, 20 TCCIP 1222 at para 17 et seq.

5. *Vaxco v. Healthward Canada*, 2020 CAIP, *supra* note 1 at paras 4 and 6.

i. The applicable law encourages great caution in granting an official mark and does not support the recognition of an official mark to Healthward for its FLUSTOPPER trademark

[16] First, the concept of official mark requires a careful and restrictive interpretation⁹ given the heavy implications of its recognition, namely: (1) the impossibility for any entity to register a similar mark after the simple filing of a public notice by the holder of an official mark,

(2) the possible use of the official mark in connection with any category of goods or services⁷, and (3) the limitation of competing rights granted for prior use to categories of goods and services

in connection with which the mark has already been the subject of unequivocal use⁸, to name only three examples. The case law, in several decisions¹⁰, including the better known *Canadian Council of Professional Engineers v. APA- The Engineered Wood Assn.*¹¹, confirms that such an interpretation is required in the recognition of an official mark, since it is aligned with the obvious intent of the legislator. In this regard, *Canadian Council* details the position adopted as follows:

To contravene subparagraph 9(1)n(iii), and not be registrable under paragraph 12(1)e), the proposed mark must either be identical to the official mark or have with it a resemblance such that it could likely be mistaken for it. The words “composed of” used in the subsection of the Act should be interpreted to mean “identical to”, a conclusion apparently reached by the Registrar. [...] This interpretation maintains the broad scope of the protection afforded to official marks, without, however, conferring unreasonably high protection on official marks, which the legislature can not reasonably have envisaged doing. It is inconceivable that the legislature intended to give such scope to the protection offered to official marks by enacting section 9 of the Act.¹² (Our emphasis)

6. *Ibid* at paras 7 and 9.

7. See in particular *Insurance Corp. of British Columbia v. Stainton Ventures Ltd.*, 2014 BCCA 296 at paras 21 and 22 for a discussion on the implications of recognizing an official mark.

8. MCDONALD, Colin P., “Official Marks: Are there any Limits to this Branding Power?”, (2003), online: WestlawNet.Canada < <https://nextcanada.westlaw.com/>>.

9. *Cable Control Systems Inc. v. Electrical Safety Authority*, 2012 FC 1272 at para 6 and *FileNET Corp. v. Canada* (Registrar of Trade Marks) (2001), [2002] 1 F.C. 266 at para 26.

10. *Ibid*. See in particular *Piscitelli v. Ontario, (Liquor Control Board)*, [2002] 1 F.C. 247 at para 26 and *Techniquip Ltd. v. Canadian Olympic Association*, [1998] FCA No. 280 at para 17.

11. *Canadian Council of Professional Engineers v. APA- The Engineered Wood Assn.* (2000), [2000] FCJ No. 1027 at paras 69-71 [*Canadian Council*].

12. ⁶⁹ *Ibid* at para 70.

[17] In addition, it should be noted that the *Ontario Architects Association v. Assn. of Architectural Technologists of Ontario*¹³ decision, concerning s. 9 (1)n(iii) TMA, recalls that: “[t]he option to apply for an official mark instead of a simple trademark has great advantages for an organization. However, only a public authority can register an official mark under subparagraph 9(1)n(iii) of the *Trade-marks Act*.”

13. *Ontario Association of Architects v. Assn. of Architectural Technologists of Ontario*, [2003] 1 CF 331 at para 4.

[18] The criteria for identifying a public authority in Canada derive from British case law¹⁴ and are summarized in the *Canada (Registrar of Trade Marks) v. Canadian Olympic Association*¹⁵ decision. This decision by the Federal Court of Appeal provides an analysis adopted in several subsequent

decisions identifying a brand in the definition of official marks. The criteria recognized in that decision are as follows:

- a) [the organization must have] a duty to the public;
- b) there must be a significant degree of government control over the organization;
- c) any profit earned by the organization must be for the benefit of the public and not for private benefit.¹⁶

14. See in particular *ibid* at para 47 and *Littlewood v. George Wimpey & Co.*, [1953] 1 All E.R. 583 (Eng. Q.B.).

15. *Canada (Registrar of Trade Marks) v. Canadian Olympic Association*, 1982 CanLII 3031 (FCA), [*Canadian Olympic Association*] at p. 699.

16. *Ontario Association of Architects v. Assn. of Architectural Technologists of Ontario*, *supra* note 13 at paras 47 and 48 citing *ibid* at p. 699.

[19] In British law, there is a caveat to granting public authority status to an entity seeking profit.

*Halsbury's Laws of England*¹⁷ specifies that the definition of public authority may vary depending on the statutory context. It would therefore be appropriate to adapt the following definition to the present context, since it is the British definition of public authority which served as a pillar of Canada's official marks regime¹⁹:

A public authority may be described as a person or administrative body entrusted with functions to perform for the benefit of the public and not for private profit. Not every such person or body is expressly defined as a public authority or body, and the meaning of a public authority or body may vary according to the statutory context.¹⁸ (Our emphasis)

17. *Halsbury's Laws of England*, Vol. 1, *Intellectual Property*, at pp. 9-10, at para 6.

18. *Ibid.*, at pp. 9-10, at para 6.

19. *Ontario Association of Architects v. Assn. of Architectural Technologists of Ontario*, *supra* note 13 au para 47. See generally *Littlewood v. George Wimpey & Co.*, *supra* note 14.

[19] The question of obligations towards the general public is used by case law to distinguish certain not-for-profit organizations from genuine public authorities²⁰. The charitable vocation of an organization alone, whether or not it is accompanied by a certain degree of governmental control, cannot suffice to recognize the status of public authority to an entity which is not subject to obligations towards the general public²¹. This is confirmed by the *Canadian Jewish Congress* decision:

CJC has shown that it has the requisite standing to bring this application and that the CPM is not a "public authority" pursuant to subparagraph 9(1)(n)(iii) of the Act since it is not under government control nor does it owe a duty to the public. Consequently, I am of the opinion that the Registrar erred by giving public notice under subparagraph 9(1)(n)(iii) of the Act of the adoption and use of the "Menorah Design" as an Official Mark of CPM [.]²²

20. See in particular *Canadian Jewish Congress v. Chosen People Ministries Inc.*, 2002 FCT 613 at paras 52 and 53 [*Canadian Jewish Congress*], *Big Sisters Assn. of Ontario v. Big Brothers of Canada*, [1997] F.C.J. No. 627 at para 56 [*Big Sisters*].

21. *Ibid*, *Canadian Jewish Congress* at para 53.

22. *Ibid* at para 61.

ii. Healthward having never had or lost the status of public authority, cannot claim an official mark

[20] Given that the applicable case law criteria are cumulative based on the findings of a majority of the judges in *Canadian Olympic Association*²³, Healthward can only be recognized as a public authority through sufficient observance of the three given the facts in issue, namely: (1) an obligation to the general public, (2) significant subjection to government control, and (3) profits serving the public as a whole, as opposed to private interests²⁴.

23. *Canadian Olympic Assn. v. Canada (Registrar of Trade Marks)*, [1983] 1 F.C. 692 at paras. 13 and 22.

24. *Ontario Association of Architects v. Assn. of Architectural Technologists of Ontario*, *supra* note 13 at paras 47, 48 and 50.

[21] However, the evidence on the record shows that Healthward: (1) does not have statutory obligations to the public generally, (2) is not subject to more than superficial government control, and (3) engages in activities that serve private interests concealed under programs benefiting the public, notably because of its relationship with Industries.

1. Healthward has no genuine obligations toward the general public

[22] As the agreement between Healthward and Health Canada suggests, the sole source of relevant Healthward obligations is purely contractual and follows the terms of a contract unilaterally revocable by Healthward²⁵. Under the terms of this agreement, Healthward only adds to its regular operations certain mobile clinic services deployed in underserved communities identified by Health Canada.

25. *Vaxco v. Healthward Canada*, *supra* note 1 at para 11.

[23] It is evident from the decisions in *Canadian Jewish Congress* and *Big Sisters* that the obligations of an entity toward the general public should be considered to determine if a charity can indeed qualify as a public authority²⁶.

26. See in particular *Canadian Jewish Congress*, *supra* note 19 at paras 52 and 53 and *Big Sisters*, *supra* note 19 at para 56.

[24] The charitable nature of Healthward requires the application of the first criterion of the *Canadian Olympic Association* decision, namely the existence of obligations toward the general public²⁷. Considering the relationship between Healthward and Industries, the only for-profit company that has been granted rights to the FLUSTOPPER

mark, no evidence of a written license or of terms modifying the granting of said rights gives a reasonable glimpse of a close partnership between the two entities and common aims²⁸. Nothing in the evidence on record indicates that the terms of use protect the FLUSTOPPER mark from a use by Industries to serve private interests or establish an obligation towards the public.

27. *Canadian Olympic Association*, supra note 15 at para 13.

28. 2020-2021 HAROLD G. FOX MOOT, “Moot Problem Clarifications”, question # 3.

[25] The case law is unequivocal about what can constitute an obligation to the general public: it is not just a simple charitable status²⁹.

29. See *Big Sisters*, supra note 19 at para 75.

[26] In this case, Healthward has no more than contractual obligations towards the public; its obligations exist only in favor of its co-contracting party, namely Health Canada. Healthward cannot therefore be considered as a public authority whereas in the *Big Sisters* decision, the status of public authority is refused to the *Big Sisters Association of Ontario* on the basis, in particular, of the obligation criteria towards the general public whereas the charity has no questionable link with a company serving private interests³⁰.

30. Ibid at para 56.

2. In its activities, Healthward is not subject to a sufficient degree of government control to constitute a public authority

[27] The mere registration of an organization as a non-profit organization is not sufficient to prove satisfactory governmental control within the meaning of the criteria defining a public authority under s. 9(1)n)iii) *TMA*³¹.

31. *Canadian Olympic Association*, supra note 15 at para 10. See also generally *Big Sisters*, supra note 19.

[28] Moreover, the *Canadian Jewish Congress v. Chosen People Ministries Inc.* underscores the insufficiency of various indicia in the identification of a public authority. This decision rejects (a) registration as a charity, (b) obtaining tax exemptions, (c) the ability to issue charitable receipts in favor of prospective donors and (e) the ability to a government entity to require disclosure of financial and corporate information as self-contained indicia of significant government control over an organization³².

32. Canadian Jewish Congress, *supra* note 19 at para 55.

[29] Healthward's relationship with the Canadian government calls for a detailed study of the contractual relationship in which Healthward and Health Canada take part. To begin with, Healthward collects private donations and income related to the granting of licenses the object of which is the assignment for payment of licenses for the use of the FLUSTOPPER mark to Industries, a joint stock company affiliated with it³³.

33. *Vaxco v. Healthward*, *supra* note 4 at para 9.

[30] Partial government funding is only an indication of government control, without, however, being compelling in the analysis of government control proposed in *Canadian Olympic Association*³⁴. In fact, the appellate judges, in this decision, justify their position relating to the financing of the activities of the body studied by combining the significant government funding observed and satisfactory monitoring of the use of funds by the State³⁵.

34. See *TCC Holdings Inc. v. Families as Support Teams Society*, 2014, CF 830 at paras 25 to 29 [*TCC Holdings*].

35. *Ibid* at paras 25-29, *Canadian Olympic Association*, *supra* note 15 at paras 27-34.

[31] In this case, the funding of the majority of Healthward's activities by Health Canada is not disputed by the respondent. In contrast, several functional details surrounding Healthward's funding mechanism could likely hamper any attempt at government control over Healthward or the use of its mark. That is the case: (1) due to the fact that Industries, a private entity subject to no government control, uses the FLUSTOPPER mark without terms or written license with the authorization of Healthward and without Health Canada having sufficient authority to this use, (2) due to the potential for Healthward to unilaterally terminate its contract with Health Canada and (3) due to the fact that Health Canada has less than 50% + 1 of the seats on Healthward's Board of Directors under the agreement. Considering the concern to preserve the legitimacy of the Canadian governmental institutions which governs the recognition of a public authority, the respondent maintains that granting Healthward the status of public authority by the Court would pose a serious danger, not only for the official marks regime found in s. 9 (1) n) iii) *TMA*, but also for Canadian democratic legitimacy. In fact, by concluding in this way, the Court would expose the Canadian State and its official marks regime to criticism targeted at its obedience to private interests.

[32] The case law contains three elements common to this situation which were found insufficient by the courts to grant the status of official mark to an entity relative to government control: (1) the designation of an entity as a not-for-profit organization³⁶, (2) the compliance of the actions of a charitable organization with its law of incorporation³⁷ and (3) the contractual terms modifying the granting of Government funding³⁸.

36. *Canadian Jewish Congress*, *supra* note 19 at para 55.

37. *Ibid* at para 55.

38. *TCC Holdings*, *supra* note 33 at paras 27 and 28.

[33] In addition, the applicable case law allows us to recognize in Healthward an element invoked by the Court in *Canadian Jewish Congress* to deny the status of public authority to an entity, namely the failure for the government funding of an entity to subject it to government management in allocating this funding³⁹.

39. *Canadian Jewish Congress*, *supra* note 19 at paras 56 and 57.

[34] In contrast, the following indicia have been recognized as satisfactory evidence of government control: (1) the creation by the government of a body that is supposed to be self-regulating⁴⁰, (2) regulatory power that can only be exercised with the approval of the Lieutenant Governor in Council⁴¹ and (3) government control from a statutory or regulatory source⁴². None of these elements are found in Healthward.

40. *Ontario Association of Architects v. Assn. of Architectural Technologists of Ontario*, *supra* note 13 at p. 436.

41. *ibid* at p. 436.

42. *College of Chiropractors (Ontario) v. Canadian Podiatric Medical Assn.*, 2004 FC 1774 at para 71.

[35] In light of the applicable case law, all of the elements relied on by Healthward, namely its sources of funding, its relationship with Health Canada and the resulting contractual obligations, are clearly insufficient for the Court to conclude that Healthward is subject to a sufficiently significant degree of government control.

[36] On another note, once recognized, an official mark is very robust. The great power that goes hand in hand with the filing of a public notice for the use of an official mark generates consensus in case law: "Once public notice has been given with respect to the adoption and use of an official mark, the mark is "hardy and virtually unexpungeable"⁴³.

43. *Mihaljevic v. British Columbia* (1988), 23 C.P.R. (3d) 80 (Fed. *Ibid* at para 89.

[37] It would be very risky to allow such a significant power, reserved for public use, to pass into the hands of a charitable subdivision of a private enterprise serving private interests. As is very clear from the letter and the spirit of s. 9 *TMA*, official marks exist in the public interest, and that, through their allocation to organizations characterized by government control⁴⁴ sufficient to preserve the democratic legitimacy surrounding the very broad protection of official marks⁴⁵.

44. *Trademarks Act*, R.S.C. 1985, c. T-13 to s. 9 [*TMA*].

45. See BLG, “Consolidated Intellectual Property Statutes”, 5 - Examination of Official Marks, [s.d.], <<https://nextcanada.westlaw.com/>>.

[38] Indeed, the main action taken by Healthward under the terms of the funding agreement with Health Canada to ensure the continued existence of the government control alleged by the appellant is the appointment of two government directors to the organization’s board of directors. However, considering that Healthward’s Board of Directors consists of five directors in accordance with the organization’s incorporating documents, the appointment of two directors from Health Canada to Healthward’s Board of Directors would relegate them to a simple dissident status within the board of directors. The latter could therefore disregard a competing opinion of these two directors in making decisions subject to a vote by the board of directors. Thus, despite a theoretical possibility for Health Canada to exercise control over Healthward’s activities, the fact remains that the organization is equipped to operate in contravention of the government directives that are proposed to it.

[39] For these reasons, Healthward is not subject to sufficient government control to qualify as a public authority and obtain the protection reserved for official marks in connection with FLUSTOPPER.

[40] Finally, it is important to add that if Healthward had been a public authority at the time of the issuance of a public notice by the Registrar, it would have lost this status by granting operating rights without a written license or terms to Industries. Indeed, this granting, depriving Health Canada of any control over the use made by Industries of the FLUSTOPPER mark, and this, failing the provision of terms for the granting of

rights over this mark by Healthward. In any event, FLUSTOPPER would henceforth have lost its official mark status, had it already existed.

3. Profits collected by Healthward are not allocated to benefit the general public

[42] Secondly, the definition of “public authority” applied in the leading *Canadian Olympic Association* decision retains the allocation of profits collected by an entity to activities benefiting the general public⁴⁶ as the second cumulative test of the analytical framework in the recognition of an official mark by a court. In order to determine whether the profits of Healthward are used for the benefit of the public, it is important to follow the clarification from the *Canadian Encyclopedic Digest* that the analysis of capacity as a public authority "must be, above all, based on a description of the nature of the business functions conducted by the entity studied within the statutory context subject to analysis."⁴⁷ This test is consistent with the aforementioned British test⁴⁸ in that it contrasts functions in the public interest with functions serving private interests.

46. *Canadian Olympic Association*, *supra* note 15 at p. 699.

47. CED 4th ed., (online), *Trademarks and Industrial Designs*, “Registrable Trademarks: Official Marks”, (V. (11)) at s.140.

48. *Halsbury's Laws of England*, *supra* note 17 at pp. 9-10, at para 6.

[43] That said, the *Assn. of Architects (Ontario)*⁴⁹ decision underscores the factors which may be taken into account by any court hearing a case requiring to determine whether the business functions of an entity claiming an official mark are sufficiently linked to the public good for it to be deemed a public authority:

[I]n determining whether a body's functions are sufficiently for the public benefit, a court may consider its objects, duties and powers, including the distribution of its assets. In this context, a duty to do something that is of benefit to the public is relevant as an element of "public benefit", even though it is not a "public duty" in the sense of being legally enforceable by a public law remedy, such as an order of mandamus or its equivalent.⁵⁰ (Our emphasis)

49. *Assn. of Architects (Ontario) v. Assn. of Architectural Technologists (Ontario)*, *supra* note 13.

50. *Ibid* at para 52.

[44] Moreover, it is important here to recall the function of official marks, described in the following terms in the *Techniquip Ltd. v. Canadian Olympic Assn.* decision (1998):

In my view, the intent of section 9 is to remove all the kinds of marks as listed above from the field of trade or business. It is to preclude any person from capitalizing on any well-known, respected public symbols and adopting it for his or her own wares or services. These emblems, badges or crests are associated with public institutions, not involved in trade or business, but

which nevertheless are deemed to be invested with respectability, credibility and other civic virtues. Section 9, in a sense, ensures that these symbols do not become pawns of trade or ownership.⁵¹ (Our emphasis)

51. *Techniquip Ltd. v. Canadian Olympic Assn.*, *supra* note 10 at 233.

[45] This interpretive principle, which first and foremost identifies official marks as a precaution intended to prevent the appropriation of a mark associated with a public institution for private purposes, allows only one conclusion: by benefiting Healthward the official mark regime would be misused. The related activities for which Healthward claims an official mark rightly represent a high risk of transposition of an official mark to a private object: on the one hand, Heathward funds part of its activities through the granting of licenses aimed at using its mark, and on the other hand, it is clear that the governance of the organization represents fertile ground for the embedding of private interests in decisions aimed at the public good.

[46] Considering the aforementioned sources abundant in the direction of the analysis presented in *Assn. of Architects (Ontario)*, the appellant, to refute the official nature of the FLUSTOPPER mark could attack both purpose of Healthward's business functions and its obligations and powers, not to mention the distribution of its assets⁵². Indeed, the use of the expression "a court may consider" (our emphasis) inspires the need for the Court to adopt a analysis mechanism adapted to the case presented to it.

52. *ibid* at p. 233.

[47] In this case, the evidence on record says little on the distribution of Healthward's assets. However, it establishes that Healthward owns and benefits from a large donation fund. In addition, it is necessary to take into account both the object, the obligations and the powers of Healthward with respect to its functions related to the FLUSTOPPER brand, to present a more complete picture of Heathward's legal status.

[48] Special consideration should be given to Healthward's membership to a group of companies, such as the *See You In-Canadian Athletes Fund Corp. v. Canadian Olympic Committee* decision suggests that an organization, in the context of the application of the test found in the *Canadian Olympic Association* decision, should be approached in a broader and more comprehensive sense: "The COC as an organization must be considered

more globally and certainly no private benefit (as opposed to public benefit) has been identified as governing the COC."⁵³

53. *See You In-Canadian Athletes Fund Corp. v. Canadian Olympic Committee*, 2007 FC 406 at para 64 [*See You In-Canadian Athletes Fund*].

[49] Nonetheless, it is appropriate here to underscore the striking distinction that exists between the facts at issue in *See You In-Canadian Athletes Fund*⁵⁴ and those in the present case. Indeed, while the Canadian Olympic Committee (COC) is a nonprofit branch of an international organization that is also nonprofit, Healthward, in Canada, is only the charitable subdivision of a for-profit multinational which, moreover, also has a for-profit division in Canada, namely Industries.

54. *Ibid* at paras 17 and

56.

i. Healthward's business purposes cannot be a deciding factor in this case given the disturbing relationship between Healthward and Industries

[50] The stated goal of Healthward is to raise public awareness on the importance of immunization aimed at the subsequent free-of-charge provision of vaccines developed by Industries. However, the fact that Healthward belongs to a group of companies, most of which whose main purpose is profit-making, invites the Court to include in its analysis the potential advantages which this group could benefit from through Healthward's activities⁵⁵.

55. *Ibid* at para 64.

[51] Industries, thanks to the rights granted to it by Healthward in connection with the use of the FLUSTOPPER mark, reaps significant benefits from being part of the same group of companies. Given the close relationship between Healthward and Industries, it is unequivocal that one of the *raison d'être* of Healthward and its charitable functions is related to the marketing of Industries. Indeed, the success could be exacerbated by the popularization of the FLUSTOPPER mark under the banner of self-sacrifice as part of Healthward's awareness initiatives, for which the FLUSTOPPER brand is used. This is all the more true since there is no requirement governing the use of this mark by Industries.

[52] The trial judge, in her decision, identified two important aspects of the relationship between Healthward and Industries.

[53] On the one hand, in exchange for royalties, Healthward granted Industries a license for the use of the FLUSTOPPER mark. This implies that if the status of official mark were conferred on said mark owned by Healthward, this mark qualifying as official, would also serve the quest for profit of Industries, whose business functions do not maintain the same link with the public good as those of Healthward. This situation would therefore amount to accepting that a company serving private interests could benefit from the protection and advantages of the official marks regime by the simple consent of a charitable organization closely linked, from a structural point of view, to the said private company. However, the official marks regime aims above all to prevent a private entity from profiting from a regime intended to benefit the public through institutions of a public nature⁵⁶.

56. *Technique Ltd. v. Canadian Olympic Assn. (1998)*, *supra* note 10 at 233.

[54] On the other hand, the trial judge found that Industries was a direct competitor of Vaxco, hence the additional caution required here. The fact that Healthward has a charitable mission, as well, is not compelling in this case.

ii. The duties of Healthward related to its business functions arise only from contractual obligations entered into at the goodwill of the organization.

[55] The main duties of Healthward influencing the use of the organization's profits for the benefit of the public come from the implemented funding agreement whereby Healthward, in exchange for the financing of nearly 75% of its activities by Health Canada, undertakes to consult Health Canada on the form and content of its educational programs, to grant two seats to directors from Health Canada on the organization's board of directors, as well as to help disadvantaged communities identified by Health Canada.

[56] It should be noted, however, that these duties, on the one hand, do not have a statutory source, but a contractual source, and on the other hand, that Healthward, by its possible transgression of said duties, would only be exposed to the termination of the contract with Health Canada or the withdrawal of part of the funding provided by the State.

B. Subsidiary argument: If an official mark was recognized at Healthward, the fact remains that the Vaxco mark would not be confused with this official mark.

[57] If the Court concluded that Healthward benefits from an official mark, the analysis relative to confusion under s. 12(1)e) *TMA*, with a reference to s. 9(1) *TMA*, would not prevent the registration of the Vaxco trademark FLUSTOPPA & Design.

[58] To be unregistrable under subparagraph 9(1)n)(iii), a mark must be “practically identical [...] or [...] essentially similar”⁵⁷ to a valid official mark.

57. Patricia Hénault and Patricia Séguin, "Official Marks: A Canadian Construct" (2017), online: *Fasken Martineau Du-Moulin LLP* <<https://www.fasken.com/en/knowledge/2017/05/technologyandintellectualpropertybulletin-20170515-2>>, *The Queen v. Kruger*, (1978), 44 C.P.R. (2d) 135 (Reg. MC) at para 12, *Canadian Olympic Association v. Coopérative Fédérée de Québec* (2000), 7 C.P.R. (4th) 309 at para 26, *Canadian Council*, *supra* note 15 at paras 67 and 71.

[59] Note the following from the *Concordia University* decision which presents the two criteria of analysis, which are similar after all, found in the case law in relation to confusion in the context of an official mark:

To contravene subparagraph 9(1)n)(iii), and be unregistrable under paragraph 12(1)e), the proposed mark must either be identical to the official mark or have with it a resemblance such that it could likely be mistaken for it. The words “composed of” used in the subsection of the Act should be interpreted to mean “identical to”, a conclusion apparently reached by the Registrar.

[...]

(1) The test under section 9 is one of resemblance, and where the official mark and the mark which one seeks to obtain are not identical, the question which arises is thus to know if the mark of the defendant is practically identical to one or all AGSO marks, or if it is essentially similar”⁵⁸.

58. *Concordia University v. 649643 Ontario Inc.* (2006), 53 C.P.R. (4th) 343 (COMC) at paras 20 and 21 [*Concordia University*].

[60] Citing these lines, the *Duke University* decision extrapolates a test written as follows:

'Since the Applicant's Mark is clearly not identical to any of the opponent's official marks, the question now is whether a person who, through a first impression, only knows the marks of the opponent and keeps a vague recollection of it, could be wrong or mistaken."⁵⁹

59. *Duke University v. Royal Textile Mills, Inc.*, 2007 CanLII 80846 (CA COMC) at para 19 [*Duke University*].

[61] Applying the criteria set out above, the Healthward trademark cannot block the registration of FLUSTOPPA & Design under s. 12(1)e) *TMA*. In fact, for the resemblance of the Vaxco mark to that of Healthward, in the event that it is an official mark, to be sufficient to give rise to a refusal of registration, it should be such that the marks would be practically identical to the

point of misleading a consumer under the effect of a first impression and a vague recollection⁶⁰. It is also apparent from the *Pacific Carbon Trust Inc. v. Carbon Trust* that the appearance and sounds suggested by marks may be taken into account in applying the⁶¹ likeness test.

60. *Ibid* at para 19 and *Concordia University*, *supra* note 56 at paras 20 and 21.

61. *Pacific Carbon Trust Inc v. The Carbon Trust*, [2012] TMOB 98 at para 16.

[62] On the one hand, the presence of a design within the FLUSTOPPA & Design mark introduces an element sufficiently distinctive to prevent the two marks in question from being regarded as practically identical. This has the effect of defeating the first phase of the applicable reasoning, namely, the identity or quasi-identity of the marks. Nevertheless, it is important to note that the second phase of that reasoning would have the same effect: the reasonable judicial notice applicable to this case suggests that a consumer is very sensitive to the design of a mark. This distinguishes, in his eyes, the trademark and design owned by Vaxco from that of Healthward, a simple trademark whose use was subject to several types of writing styles⁶². The Masterpiece decision precisely underscores the potentially distinctive character of the shape of the mark: “A trademark appearing in an application for registration may consist quite simply of one or more word or words serving as a mark, a design, or one or more words accompanied by a design.”⁶³

62. 2020-2021 HAROLD G. FOX MOOT, *supra* note 27, question #22.

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

[63] In this case, the design of the Vaxco brand makes FLUSTOPPA attractive to a consumer who, at a glance, sees the syringe logo topped with the name “FLUSTOPPA” in thick black letters coming together to form a curved arch above the syringe design. This design provides important information about Vaxco's activities through the idea of a syringe coupled with a name evoking the idea of curbing the spread of the flu.

[64] On the other hand, the evidence on file, as in *Big Sisters*⁶⁴, reveals no indication that a person was misled by the FLUSTOPPA & Design mark. In fact, the importance of French in Canada, a language elevated to official status in the country⁶⁵, has the advantage of making the Anglophone majority outside Quebec aware of the different rules of this language. However, although this is a detail, the

pronunciation of the names of the two marks studied here, namely "FLUSTOPPA" and "FLUSTOPPER", differs in French, whereas the familiar English pronunciation of these names would be more similar in English. Thus, the influence of French, for any initiate, could play a certain role in the perception by the average Canadian consumer of the name of these two marks⁶⁶.

64. See *Big Sisters*, *supra* note 19 at para 89.

65. *Official Languages Act*, R.S.C. 1985, c. 31 (4th Supp.) to s. 2 paras a) and b).

66. *Scott Paper Co. v. Beghin-Say S.A.*, (1985) 5 C.P.R. (3d) 25 at p. 231 and *Pierre Fabre Médicament v. SmithKline Beecham Corp.*, 2001 FCA 13 at para 5.

[65] For the reasons illustrated above, official mark or not, FLUSTOPPER cannot prevent the registration of the Vaxco mark under s. 12 (1) (e) *TMA* since the mere resemblance which unites the two marks at issue is not sufficient to satisfy the test of resemblance.

C. Subsidiary argument: If Vaxco is unable to claim the desired registration, it should at least be able to rely on competing rights acquired through prior use

[66] Regardless of the advent of the foregoing arguments, Vaxco necessarily owns rights to its FLUSTOPPA & Design mark conferred on it by its prior use of this brand in Canada. In fact, Vaxco has used this mark on its website accessible in Canada for nearly 20 years, in connection with the offer of educational information and the advertising of its products and services.

[67] This use of the FLUSTOPPA & Design mark was part of the normal course of the company's activities, considering the evidence that (1) Canadians are reached by the advertising attempts appearing on the Vaxco website and that (2) Vaxco undertook an expansion of its core business in Canada prior to the filing of the Registrar's public notice in favor of Healthward. Vaxco is entitled to claim the protection of its rights acquired for prior use⁶⁷.

67. *Ontario Association of Architects v. Assn. of Architectural Technologists of Ontario*, *supra* note 13 au para 34.

[68] The granting of competing rights to any entity with prior use of a mark as a result of the filing of a public notice for an official mark is consistent with the guiding principle that official marks cannot be applied retroactively.

I am confirmed in this opinion by virtue of the fact that to hold otherwise would set a dangerous precedent. Indeed, it would allow any "public authority" to run roughshod over the vested rights of users of registered trade marks, and leave them without any remedy. I prefer an interpretation which holds true to the principle that new marks, whether they be trade marks or official marks, should defer to marks adopted or registered prior to registration of

the new mark, since the newcomer had the choice of finding a more innovative mark in the first place: see Fox Canadian Law of Trade Marks and Unfair Competition, 3rd ed. (Toronto: Carswell, 1972), p. 178⁶⁸. (Our emphasis)

68. *Canadian Olympic Assn. v. Konica Canada Inc.* (TD), [1990] 2 FC 703 at para 18.

[69] In particular constitute the use of a mark within the meaning of s. 2 and 4 *LMC* its use in connection with the advertisement of services, which there is no doubt in this case on the Vaxco website, and the affixing of the mark, in Canada, on products or packaging intended for export⁶⁹.

69. *TMA*, *supra* note 43 at s. 2 (“use”) and 4(2) and (3).

[70] For 20 years, Vaxco has used its brand in Canada as part of the advertisement of its services, with the obvious aim of using it to reach Canadian consumers. This qualifies as use within the meaning of subsection 2 of s. 4 *TMA*, which justifies the recognition of the prior use of the FLUSTOPPA & Design mark in connection with Vaxco's service advertisement.

[71] Furthermore, any additional use of the FLUSTOPPA & Design trademark in connection with Vaxco's international exports from Canada is protected by the same rights under subsection 3 of s. 4 *TMA*, as such use would be in the normal course of Vaxco's business: “The expression “normal course of trade” relates to use (that is, transfer) on a regular basis taking into consideration the nature of the trade.”⁷⁰.

70. RICHARD, Hugues G., “Canadian Trade-Marks Act Annotated”, Commentary on the *TMA*, *Robic TM Ann.* 4§5.2.5. See also *TMA*, *supra* note 43 at s. 4(3).

[72] For the reasons set out above, the prior use of the FLUSTOPPA & Design mark by Vaxco protects its use of the mark in connection with the advertisement of its services in Canada, as well as its export activities covered by the s. 4(3) *TMA*.

D. Argument 2: The permanent injunction sought by Healthward must be denied.

[73] A permanent injunction should not be granted to Healthward. The official “FLUSTOPPER” mark is invalid and Healthward has no right to it. Therefore, Healthward’s rights have not been violated by Vaxco. A permanent injunction would be unnecessary in this case since it would not serve its primary function, namely to prevent the risk of recurrence of violation of Healthward's rights⁷¹.

71. GILL, Kelly, “Injunctions” in *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed., (13.(13.2)).

[74] Vaxco does not violate Healthward's rights by displaying its FLUSTOPPA & Design trademark on its website. Considering that "Vaxco had been manufacturing, distributing and selling flu vaccines using its well-known trademark FLUSTOPPA for more than 20 years"⁷², the trial judge herself said it: the FLUSTOPPA & design mark is "well-known". As a result, Vaxco may rely on prior use of the mark.

72. *Healthward Canada v. Vaxco Ltd.*, *supra* note 4 at para 4.

[75] The trial judge argued that the Vaxco site "[...] was accessed by Canadians to educate themselves on vaccination [...]"⁷³ The judge states that "it is uncontested that the website prominently features the FLUSTOPPA trademark."⁷⁴ Over the past twenty years, Canadians have accessed the Vaxco site to educate themselves on the importance of getting vaccinated. It is reasonable to infer that they must certainly have seen the FLUSTOPPA & Design brand when they visited the website.

73. *Ibid* at para 24.

74. *Ibid* at para 5.

[76] The Vaxco website "[provides] educational information about the importance of vaccines and advertising Vaxco's products and services"⁷⁵. At trial, it is admitted that Canadians use the site to "research Vaxco's products and to book savings to receive the Vaxco clinics."⁷⁶ The trial judge also accepts that "[...] Vaxco has targeted Canadians with its website and that Canadians have accessed it."⁷⁷

75. *Ibid* at para 5.

76. *Ibid* at para 5.

77. *Ibid* at para 5.

[77] The appellate judge expressed himself as follows: "[...] I fail to see how the Court can enjoin Vaxco from using the FLUSTOPPA trademark on its website or in advertising when Vaxco already did so prior to Healthward's adoption and use of the FLUSTOPPER official mark."⁷⁸ Here, prior use protects Vaxco against an injunction on the display of the FLUSTOPPA & Design mark.

78. *Vaxco Ltd. v. Healthward Canada*, *supra* note 1 at para 12.

[78] The Court must consider the scope of a permanent injunction⁷⁹. In particular, the website has acquired notoriety among Canadians, building a reputation for FLUSTOPPA in Canada. The Court shall

consider that a mark's reputation may require "years of honest labour, or at times is the result of lavish spending that is identifiable with the goods distributed by the owner related to the trademark."⁸⁰

79. *Cheung v. Target Event Production Ltd*, 2010 FCA 255 at para 33, decision in which the Court of Appeal limited the scope of application of an injunction. See also generally *H-D U.S.A. LLC v. Berrada*, 2014 FC 207 for the principle of limiting the scope of an injunction in a defendant's business area.

80. See *Clairol Inc. of Canada v. Trudel*, [1974] S.C.R. No. 94.

[79] Canadians should be free to choose the medical services that suit their needs and nothing should prevent them from knowing about other services and products available on the international market. To do otherwise would unduly limit the advance of ever-expanding medical treatments.

[80] Canadian law in the context of the trademarks displayed on websites is still incipient⁸¹. In this case, the Court has the great responsibility of setting the record straight. It would be a good idea to consider the context of global economy to fully resolve the issue in this case⁸².

81. GILL, Kelly, "Injunctions" in *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed., (17.(17.6)).

See also *ZIPPO Manufacturing Company v. ZIPPO Dot Com Inc.* United States District Court, W.D. Pennsylvania 952 F. Supp. 1119 at paras 1123 and 1124.

82. *Ibid. Tolofson v. Jensen (1994)*, 120 D.L.R. (4th) 289 at 304 (S.C.C.).

PART V – Order Sought

FOR THE REASONS STATED ABOVE, MAY THE COURT:

DISMISS the appeal brought by Healthward;

SET ASIDE the injunction issued by the trial judge;

SEND the file back to the Registrar of Trademarks for the latter to register the Vaxco FLUSTOPPA & Design trademark;

WITH COSTS. Signed

January 24, 2021

3R Team

Counsel for the

Respondent

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