

THE SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

BETWEEN:

HEALTHWARD CANADA

Appellant

– and –

VAXCO Ltd.

Respondent

FACTUM FOR RESPONDENT

PART I: OVERVIEW

[1] The Canadian trademark framework balances the need to support private innovation in an increasingly international marketplace with the need to protect symbols of importance. This appeal asks the Court to undermine trademark law and reverse legal developments in order to provide an organization with rights to which it is not entitled.

[2] This matter concerns a dispute between the appellant, Healthward Canada (“Healthward”), and the respondent, Vaxco Ltd. (“Vaxco”) regarding their marks, FLUSTOPPER, and FLUSTOPPA & Design, respectively. Both organizations are in the business of providing vaccines and vaccine education. Vaxco has been providing vaccines to Canadians in the U.S. for some time, whereas Healthward is a Canadian-based company relatively new to the industry. Upon receiving approval to provide vaccination services in Canada in February 2019, Vaxco applied to register FLUSTOPPA & Design and its application was refused as a result of an official mark obtained by Healthward one month earlier, in January 2019. Vaxco appealed that refusal, and Healthward brought an action against Vaxco alleging that Vaxco’s mark, FLUSTOPPA & Design, infringes upon Healthward’s official mark.

[3] In this appeal, Vaxco submits: (1) The FLUSTOPPER mark does not bar registration of FLUSTOPPA & Design; (2) Vaxco retains a right to continued use of FLUSTOPPA & Design because it has an unregistered trademark, and moreover, Vaxco did not infringe Healthward’s official mark because Vaxco adopted its mark prior to Healthward’s public notice and use; and (3) An injunction should not be granted against Vaxco because it did not breach the *Trademarks Act*, and an injunction would be contrary to the public interest.

PART II: STATEMENT OF FACTS

1. Background Information

[4] Vaxco is a U.S. corporation that provides vaccines and related services such as education and medical advice. It operates vaccination clinics, and markets its services through its website as well as print advertisement particularly along the U.S. - Canadian border. Vaxco targets Canadians with its website, through which Canadians receive educational materials and book appointments to receive vaccinations in the U.S. Vaxco's FLUSTOPPA & Design has been used since before January 2019 in both print marketing and on Vaxco's website. Evidence on the precise geographic locations of Canadians who accessed Vaxco's services is ambiguous, however, it is clear that the website, educational material and booking services were accessed from Canada.

[5] In March 2019, Vaxco applied for a Canadian trademark for FLUSTOPPA & Design after it received approval to offer vaccination in Canada. The application was refused pursuant to s 12(1)(e) of the *Trademarks Act* due to Healthward's official mark, FLUSTOPPER.

Trademarks Act, RSC 1985, c T-13, [*Trademarks Act*] at s 12(1)(e).

[6] Healthward is the charitable Canadian arm of a global network of vaccine providers and health organizations, including the for-profit corporation Healthward Industries Corp. ("Industries"). Healthward purchases vaccines and supplies from Industries and is paid licensing royalties on products sold by Industries. Industries and Vaxco are direct competitors in the public health and vaccines industry and Industries was aware of Vaxco's FLUSTOPPA & Design mark and its pending expansion into Canada.

[7] Healthward began operations in Canada in 2014 with funding from private donations, licensing revenue, and a sizable endowment fund. In 2015 Healthward entered into a funding agreement with Health Canada that has since accounted for roughly 75% of its annual operating expenses. Public notice of the adoption and use of its FLUSTOPPER official mark was only issued in January 2019. It is unclear at what date Healthward began to use or whether it used

FLUSTOPPER as an unregistered trademark at any time before 2019. Pursuant to its contract, Health Canada is entitled to appoint two of five seats on Healthward's board of directors, is consulted on the curriculum and messaging for Healthward's educational programs, and may direct Healthward to provide mobile clinic services in a number of underserved communities. Health Canada may claw-back a portion of its funding if Healthward does not establish clinics in its designated communities. Both parties may terminate the contract upon reasonable notice.

[8] Vaxco sought judicial review of the decision of the registrar not to grant its FLUSTOPPA & Design trademark application. Healthward brought an application against Vaxco alleging that FLUSTOPPA & Design infringed Healthward's FLUSTOPPER official mark.

2. Procedural History

(a) Trial Court Decision

[9] The same questions before this Court were before the trial court. Justice Coff held that Healthward was a public authority for the purposes of obtaining an official mark and that FLUSTOPPER was a valid official mark. Healthward was found to be under sufficient governmental control on the basis that it relied upon funding from Health Canada. The public benefit requirement was also found to be satisfied by Healthward's educational programs and free mobile clinics. While Coff J also found that FLUSTOPPER and FLUSTOPPA & Design were confusingly similar, she erred in applying the confusion test from section 6 of the *Trademarks Act* to an official mark.

[10] On the second issue, Coff J held that Vaxco's alleged prior use of FLUSTOPPA & Design did not constitute "use". Despite the presence of FLUSTOPPA & Design on Vaxco's website, use of the website by Canadians to book appointments at Vaxco clinics in the United States, and the provision of educational materials to Canadians, Coff J concluded there was no use. As a result,

Coff J found that Vaxco had no right of continued use and that Healthward should be granted an injunction against Vaxco.

(b) Appeal Court Decision

[11] The Court of Appeal unanimously found in favour of Vaxco on all issues. First, Ailes JA found that Healthward is not a public authority as it is not under sufficient governmental control. In doing so, Ailes JA noted the contractual nature of the relationship between the parties, including Healthward's right to unilaterally terminate the contract. Justice Ailes admitted that Healthward has improved public health in Canada, but raised concerns regarding Healthward's relationship with Industries and the practice of licensing its official mark to gain competitive advantages. Having already determined Healthward was not a public authority under the governmental control element, Ailes JA refrained from ruling on the issue of public benefit.

[12] Secondly, Ailes JA corrected the trial court's erroneous application of the section 6 confusion test and held that the FLUSTOPPA & Design trademark does not so closely resemble the FLUSTOPPER official mark such that one would be mistaken for the other.

[13] Further, Ailes JA held that Vaxco is entitled to continued use of FLUSTOPPA & Design in association with the classes of goods and services it had previously used it with. Justice Ailes rejected Healthward's argument that Vaxco had expanded its use of FLUSTOPPA & Design after the FLUSTOPPER official notice was given. Accordingly, Ailes JA held that Vaxco's use did not infringe upon Healthward's official mark.

[14] Finally, Ailes JA held that, even if the official mark were valid, Healthward's relationship with Industries put it at risk for potential misuse of the official marks regime. He declined to award Healthward an injunction on an equitable basis.

PART III: POINTS IN ISSUE

[15] Vaxco submits that:

1. The FLUSTOPPER mark does not bar registration of FLUSTOPPA & Design;
2. Vaxco retains a right to continued use of FLUSTOPPA & Design based prior use; and
3. An injunction is not an appropriate remedy in the circumstances.

PART IV: ARGUMENTS IN BRIEF

1. The FLUSTOPPER mark does not bar registration of FLUSTOPPA & Design

(a) Healthward’s FLUSTOPPER mark is not a valid official mark

[16] As found by the Court of Appeal, Healthward does not satisfy the two-part test of governmental control and public benefit and therefore is not a public authority for the purposes of section 9(1)(n)(iii) of the *Trademarks Act*. The FLUSTOPPER official mark is accordingly invalid and cannot block the registration of Vaxco’s FLUSTOPPA & Design trademark.

Trademarks Act, supra para 5 at s 9(1)(n)(iii).

[17] Healthward is not the kind of entity intended to be protected by an official mark. The Federal Court interpreted the purpose of official marks as protecting official marks imbued with “respectability, credibility and other civic virtues” by removing them from the field of trade or business (*Techniquip*). The Court expanded upon this interpretation, holding the term “public authority” should not be given an expansive meaning due to the significant power conferred by its ability to register an official mark (*Ontario Association of Architects*). It would be inconsistent to expand this definition to include an organization, such as Healthward, which is integrated into a global network of for-profit and nonprofit entities.

Ibid at s 9(1)(n)(iii).

Techniquip Ltd v Canadian Olympic Association, 80 CPR (3d) 225 at para 28, 145 FTR 59 [*Techniquip*].
Ontario Association of Architects v Association of Architectural Technologists of Ontario, 2002 FCA 218 at para 58 [*Ontario Association of Architects*].

(i) Healthward is not subject to sufficient governmental control

[18] Health Canada does not exercise the degree of governmental control over Healthward necessary to support a finding of “significant governmental control.”

[19] To find significant governmental control, a Canadian government must be empowered “directly or through its nominees, to exercise a degree of ongoing influence in the body’s governance and decision-making” (*Ontario Association of Architects*). Governmental control does not have to be absolute, but must rise to the level of ongoing supervision (*COC*). This analysis is highly contextual and, while a number of commonly considered factors are considered below, no single factor is determinative (*CNMCC*).

Ontario Association of Architects, supra para 17 at paras 58, 62.

See You In – Canadian Athletes Fund Corporation v Canadian Olympic Committee, 2007 FC 406 at para 60 [*COC*].

Council of Natural Medicine College of Canada v College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia, 2013 FC 287 at paras 36-38 [*CNMCC*].

[20] In the present case, any governmental influence over Healthward emerges from the funding contract between the parties. Pursuant to the contract, Healthward operates autonomously from Health Canada and may elect to abide by Health Canada’s recommendations regarding the location of its mobile clinic services in order to retain its government funding. The structure of the contract allows Healthward to make its own cost-benefit analysis in regards to Health Canada’s recommendations and disregard them at will. The only consequence for incremental violations of Health Canada’s instructions is a corresponding claw-back of funding.

[21] Healthward is also able to unilaterally terminate its contract with Health Canada, which vitiates any ongoing government supervision that may emerge from the agreement. Healthward is under no material obligation to submit to any ongoing government supervision and may resolve at any time to break off its relationship with the government entirely. It is Healthward that chooses whether it is subject to any governmental control, rather than Health Canada.

[22] Therefore, the substantial amount of funding it receives from Health Canada does not determine that Healthward is subject to significant governmental control. While reliance on substantial government funding weighs in favour of finding significant governmental control (*COA*), there is evidence that Healthward does not have to rely on its government funding as it has access to licensing revenue, private donations, and a sizable endowment fund. The evidence shows Healthward operated in Canada between 2014 to 2015 without any government funding. Access to these other funding sources mitigates the level of control Health Canada can exert over Healthward by way of its government funding.

Canada (Registrar of Trade Marks) v Canadian Olympic Association, [1983] 1 FC 692 at paras 5, 28-32, 139 DLR (3d) 190 [COA].

[23] The fact that Health Canada is entitled to appoint two of five seats on Healthward's Board of Directors does not weigh in favour of governmental control in this context. There is no evidence that Health Canada actually does appoint any board members and, even if they do, there is no evidence the Health Canada appointed board members are the kinds of government representatives necessary to support a finding of ongoing government supervision and control. Further, the fact that Health Canada can appoint two of five board members does not mean it has 40% control over the governance of Healthward. Given that governance decisions are commonly made on a majority basis, Healthward's *de jure* three of five or 60% control of its board may in practice be closer to 100% *de facto* control.

[24] The present case can also be distinguished from the ruling in *Anne of Green Gables Licensing Authority Inc v Avonlea Traditions Inc*, as in that case the three out of eight government appointed committee members were found in control of all licensing activities (*Anne of Green Gables*). There is no evidence that the two board members who may be appointed by Health Canada exercise any analogous control over Healthward's operations and governance.

Anne of Green Gables Licensing Authority Inc v Avonlea Traditions Inc, [2000] OJ No 740 at para 169, 4 CPR (4th) 289 [*Anne of Green Gables*].

[25] Finally, the fact that Health Canada is consulted on the curriculum and messaging for Healthward's educational programs and can designate communities for Healthward to provide mobile clinic services does not rise to the level of significant governmental control. While these factors may constitute a review of Healthward's activities, which was a factor in favour of finding governmental control in *Ontario Association of Architects*, they are not determinative. In addition, Healthward faces no consequences for failing to consult Health Canada on its educational programs as the evidence specifically shows that Health Canada can only claw-back funding if Healthward fails to establish mobile clinics in the designated communities.

Ontario Association of Architects, *supra* para 17 at para 60.

[26] On these facts, Healthward is not subject to a sufficient level of ongoing government supervision so as to rise to the level of significant governmental control. Under its contract, Healthward retains *de facto* control over its board of directors, operates autonomously from Health Canada, and is able to unilaterally adjust the level of governmental oversight it is subject to, up to and including terminating its relationship with Health Canada altogether. As a result, the evidence is insufficient to support a finding of significant governmental control.

(ii) Any public benefit provided by Healthward is outweighed by its self-dealing with Industries

[27] While Healthward's initiative provides some benefit to public health, it is outweighed in these circumstances by the self-dealing between Healthward and Industries.

[28] The public benefit test broadly examines the entity's objects, duties, and powers to determine if there is any demonstrable benefit to the public. The public benefit element does not have to manifest as a legally enforceable public duty to satisfy this test (*Ontario Association of Architects*). Courts have found the public benefit threshold met in the public health context when

a professional association promotes public confidence in its corresponding professionals by maintaining a public registry (*CNMCC*).

Ontario Association of Architects, supra para 17 at para 52.
CNMCC, supra para 19 at para 35.

[29] In *obiter*, the Court of Appeal raised concerns about Healthward's practice of licensing its official mark to potentially gain competitive advantages for Industries. However, as it had already found Healthward was not a public authority, the Court did not meaningfully consider this relationship and the consequences of permitting such misuse of the official marks regime. Although a public authority is not necessarily precluded from licensing an official mark (*Techniquip*) or benefiting its members alongside the public (*Ontario Association of Architects*), the presence of self-dealing between Healthward and Industries distinguishes this case.

Techniquip, supra para 17 at para 29.
Ontario Association of Architects, supra para 17 at para 69.

[30] The fact that public authorities have been permitted to generate revenue by licensing their official marks does not provide a justification for the self-dealing present in this case. In *Techniquip*, the court held the Canadian Olympic Association could license its official marks and use the revenue generated to fund various activities. However, there was no evidence the licensing of the official marks would benefit a third-party affiliated for-profit corporation, as there is in this case. Not only does Healthward potentially license its official mark for the benefit of Industries, there is evidence that Industries sells the FLUSTOPPER vaccines back to Healthward at market prices. As 75% of Healthward's operational funding comes from Health Canada, this suggests that Healthward prioritizes the interests of its associate organization over any duty to public health.

Techniquip, supra para 17 at para 29.

[31] While the Court in *Ontario Association of Architects* held a public authority is not precluded from benefiting its members alongside the public, the present case is distinguished on two fronts. First, the relationship between Industries and Healthward is not akin to membership in a professional association, as was the case in *Ontario Association of Architects*. Where the benefit conferred by a professional association flows inward to its internal professional members, Healthward’s benefit flows outward to Industries, an external for-profit corporation that is not a “member”. The benefit to professional members in an association is incidental to and necessarily intertwined with the public benefit of transparency and confidence, whereas Healthward deliberately hands a license to Industries that has little connection with its provision of vaccine services to the public. Second, the broader context of each case is so different that the legal rule from *Ontario Association of Architects* does not apply. In that case, Evans JA specifically noted that “[t]he mix of public and private benefit tends to be a feature of professional self-regulation...” and not an essential feature of public authorities in general. Therefore, this rule does not apply to Healthward in the context of public health and vaccines.

Ontario Association of Architects, supra para 17 at para 69.

[32] Healthward cannot rely on the rulings in *Techniquip* and *Ontario Association of Architects* as justification for prioritizing the interests of its for-profit associate organization above that of the public. This is a substantial departure from the purpose of the Canadian official marks regime and must not be allowed to continue.

(iii) Vaxco is entitled to registration of the FLUSTOPPA & Design trademark on the basis that it does not so nearly resemble Healthward’s FLUSTOPPER official mark

[33] As the Court of Appeal found, Vaxco remains entitled to registration of its FLUSTOPPA & Design trademark even if FLUSTOPPER is a valid official mark as FLUSTOPPA & Design does not so nearly resemble FLUSTOPPER as to be likely mistaken for it.

[34] The test under section 9(1)(n)(iii) requires the public authority to establish evidence that a person, on first impression, knowing the FLUSTOPPER official mark but having an imperfect recollection of it, would likely be confused by the FLUSTOPPA & Design trademark (*ICBC*). Confusion in this context refers to the likelihood that a consumer will be mistaken between FLUSTOPPER and the FLUSTOPPA & Design, not just that they might infer some association between the marks. There is a very high threshold for finding resemblance as the two marks must be “nearly identical” (*Parkinson Society Canada*).

Trademarks Act, supra para 5 at s 9(1)(n)(iii).

ICBC v. Stainton Ventures Ltd., 2012 BCSC 608 at para 25 [*ICBC*].

Parkinson Society Canada v Parkinson Society Alberta, 2016 TMOB 154 at paras 31-32 [*Parkinson Society Canada*].

[35] In addition to visual comparison, the analysis of whether FLUSTOPPA & Design so nearly resembles FLUSTOPPER as to likely be mistaken for it may consider the degree of resemblance between the marks in appearance, sound or in the ideas suggested by them (*Trademarks Act*). This resemblance analysis has been subject to significant judicial consideration as it often has the greatest effect in a confusion analysis (*Masterpiece*). While a high degree of resemblance may weigh in favour of finding confusion, a mark which lacks distinctiveness or is highly suggestive of the industry it offers services in will be subject to a narrower scope of protection. As a result, slight differences between a trademark and a non-distinctive mark may be sufficient to distinguish the marks (*Assurant*).

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

Masterpiece Inc v Alavida Lifestyles Inc, 2011 SCC 27 at para 49 [*Masterpiece*].

Assurant Inc v Assurancia Inc, 2018 FC 121 at paras 46-47 [*Assurant*].

[36] FLUSTOPPER is entitled to a narrow scope of protection as it lacks distinctiveness and is highly suggestive of the services offered in the influenza vaccine industry. Based on this narrow scope of protection, the slight differences in appearance, sound, and ideas suggested by FLUSTOPPA & Design are sufficient to distinguish it from FLUSTOPPER.

[37] Despite obvious similarities in appearance and sound, the differences in appearance and sound between FLUSTOPPA & Design and FLUSTOPPER are enough to distinguish them when FLUSTOPPER is afforded an appropriately narrow scope of protection. In *Assurant Inc v Assurancia Inc*, the Federal Court found that “ASSURANCIA” was not confusing with “ASSURANT” despite each mark beginning with the same three syllables and sequence of seven letters because the particle “ASSURAN” was highly suggestive of the insurance industry. The Court held the unique suffixes gave each mark a unique sound, which was sufficient to distinguish them (*Assurant*). In this case, the particle “FLUSTOPP” is similarly suggestive of the influenza vaccine industry. As such, following the ruling in *Assurant*, the unique suffixes in this case distinguish FLUSTOPPA & Design from FLUSTOPPER. Though the first word or syllable can be important for the purposes of distinction (*Sum-Spec*), the fact that both marks begin with the same two syllables and eight letters in this case is of little practical value given how suggestive this particle is of the overall industry.

Sum-Spec Canada Ltd. v Imasco Retail Inc, [1990] FCJ No 241 at para 13, 20 ACWS (3d) 413 [*Sum-Spec*]
Assurant, *supra* para 35 at paras 46-50.

[38] FLUSTOPPA & Design is further distinguished from FLUSTOPPER on the basis of its design component. This difference weighs in favour of being unable to find resemblance in addition to the different suffixes.

[39] FLUSTOPPA & Design is also not likely to be mistaken for FLUSTOPPER on the ground that both marks suggest a similar meaning of “stopping the flu”. Stopping or impeding the influenza virus could be the meaning of any influenza vaccine. This meaning is highly suggestive of the influenza vaccine industry as a whole, so it is unlikely a consumer would use the fact that the meaning of a particular influenza vaccine suggests that it will stop or impede the influenza virus as a basis for differentiating it from other vaccines. If FLUSTOPPA & Design is

found to resemble FLUSTOPPER on this ground, it would give FLUSTOPPER an overly broad scope of protection.

[40] Since FLUSTOPPER is only entitled to a narrow scope of protection, the slight differences in appearance, sound, and ideas suggested by FLUSTOPPA & Design are sufficient to distinguish it. As a result, the evidence does not support a finding that FLUSTOPPA & Design so nearly resembles FLUSTOPPER as to likely be mistaken for it.

2. Vaxco retains a right to continued use of FLUSTOPPA & Design based prior use

(a) As of the date of public notice Vaxco had an unregistered trademark

[41] Vaxco's FLUSTOPPA & Design is an unregistered trademark, which grants Vaxco the right to continue its use since the use existed before January 2019, when Healthward began public notice and use of its official mark (*Cable*).

Cable Control Systems Inc. v Electrical Safety Authority, 2012 FC 1272 at para 6 [*Cable*].

(i) Test for unregistered trademarks

[42] An unregistered trademark provides a user with the right to continue to use its trademark in the face of a later user. This is similar to the right of the user of an unregistered trademark to enforce its rights against new entrants by way of passing off. However, the tests for these two categories of rights differ. An action in passing off requires a) reputation or goodwill; b) misrepresentation (evidence of likelihood of confusion); and c) damage or potential damage to the plaintiff resulting from the misrepresentation (*Greystone*). This higher standard is required where the plaintiff asks the Court to award a remedy against the defendant. In contrast, users of unregistered trademarks defending their rights to continue prior use should not be required to satisfy the same test. Firstly, the element of misrepresentation, or likelihood of confusion, is the burden of the plaintiff seeking to bar the defendant from using their trademark, and the defendant may well not believe their trademarks to be sufficiently similar. Secondly, damages is not an

element of the defensive rights test because the defendant is not necessarily seeking monetary damages, but rather recognition of a continuing right to use.

Greystone Capital Management Inc. v. Greystone Properties Ltd., 1999 BCSC 5690 at para 27, 87 CPR (3d) 43 (BCSC) [*Greystone*].

[43] Accordingly, the proper test is a two-pronged test for prior use (*Unicast*), which requires only that a) there existed prior use; and b) the use was continuous.

Unicast SA v South Asian Broadcasting Corp, 2014 FC 295 at paras 50-52 [*Unicast*].

[44] In order to demonstrate use, “one must produce actual evidence demonstrating use in association with one’s goods or services. For example, one can produce [...] actual advertisements made during the relevant period.” (*Badawy*). The evidence demonstrates that Vaxco’s FLUSTOPPA & Design mark appeared on its website and on its print advertisements prior to January 2019, when Healthward’s official mark was established. Under the *Trademarks Act*, use requires an association between the mark and the service or goods offered in the normal course of trade. FLUSTOPPA & Design features prominently on its website and marketing material, which advertise for the vaccination services provided by Vaxco. Canadians visited the website and booked vaccinations. Use in association with services is deemed where the trademark is displayed in the advertising of those services (*Trademarks Act*), so FLUSTOPPA & Design is an unregistered trademark for Vaxco’s vaccination services.

Badawy v. Igras, 2019 FCA 153 [*Badawy*] at para 12.
Trademarks Act, *supra* para 5 at s4(1), 4(2).

[45] There is no evidence that Vaxco’s use of FLUSTOPPA & Design was interrupted.

(ii) Scope of rights of unregistered trademarks

[46] The scope of an unregistered mark differs from that of a registered trademark, and this is the only portion of the analysis which distinguishes between registered and unregistered trademarks (*Divine*). “For unregistered marks, a court should only consider the manner in which

they have actually been used.” (*Marlborough*). Parties may continue to use their mark, but “only in association with the wares and services used at the time that the official mark is given public notice” (*Cable*). The correct analysis parallels the wording under section 32(2) of the *Trademarks Act*: “The Registrar shall, having regard to the evidence adduced, restrict the registration to the goods or services in association with which, and to the defined territorial area in Canada in which, the trademark is shown to be distinctive.” In sum, an unregistered mark is limited to its established use.

Divine Hardwood Flooring Ltd. (Divine Flooring) v. D Nine Flooring Ltd., (D Nine Flooring), 2018 FC 500 at para 20 [*Divine*].
Marlborough Canada Limited v Philip Morris Products S.A., 2012 FCA 201 at para 56 [*Marlborough*].
Cable, *supra* para 41.
Trademarks Act, *supra* para 5 at s32(2).

[47] However, This treatment of cases cannot be read restrictively as it pertains to the scope of use and the interaction of use and geography in the increasingly digital world. In a recent case (*Waldorf-Astoria*), the Federal Court of Appeal found that, where there is use of a trademark, including ancillary and incidental uses, such use may be sufficient to establish rights, even in the absence of a physical presence in Canada. *Waldorf-Astoria* concerned a registered trademark for hotel services which was upheld despite no prior presence of a hotel in Canada bearing the mark. Visiting the website of the hotel provided Canadians with the ability to access hotel services from Canada, including booking services and information, before their trips to the U.S. The Court noted that use, as it pertains to services, should be interpreted liberally, and that where these ancillary services were offered in the relevant geographical location, the trademark could be preserved both for the primary service, being in that case hotel services, and other ancillary services as well.

Miller Thomson LLP v Hilton Worldwide Holdings LLP, 2020 FCA 134 [*Waldorf-Astoria*] at 107 - 108.

[48] Just as hotel services were found to include reservations and planning, Vaxco's digital presence enabled Canadians to book vaccinations online, and provided educational material via this medium. Vaxco was not vaccinating in Canada at the time of Healthward's public notice and use of their mark. While limited by actual use and geography, Vaxco's unregistered trademark is subject to the recent evolution of the law, which reflects an appreciation of the realities of the modern world. In an increasingly digital world, consumers who benefit from research, booking, or purchasing through the internet are increasing. The jurisprudence is evolving to recognize and protect recent market developments, which promote international trade and cooperation. One such decision, *TSA*, determined that the large amount of information available on the SPORTS AUTHORITY website was "akin to visiting a bricks and mortar store and benefitting from speaking with a knowledgeable salesperson." This statement demonstrates that a lack of physical presence in a geographical area is insufficient to prevent a trademark, where a sufficient digital presence exists. The decision in *TSA* also implicitly defines use by the benefit or outcome to the public (its users), and considers that use is the same if it confers the same benefits. This suggests that, while demonstrated use is the standard metric for unregistered trademarks, there is some ambiguity which provides space for minute development and change so long as it remains within a fairly narrow class.

TSA Stores, Inc v Canada (Registrar of Trade-marks), 2011 FC 273 at para 19, 91 CPR (4th) 324 [*TSA*].

[49] Developments in intellectual property and international trade further support such an interpretation. Agreements between countries to ensure that copyrights and patents are protected across borders were formed as a result of increased international trade and internet expansion and respect for the value of intellectual property. While agreements of this nature have not yet expanded to trademarks, it is essential to respect the cooperation and efforts of the world to protect intellectual property despite physical borders between countries.

[50] While unregistered trademarks can be restricted to the specific geographical regions in which they were used (*Brick*), the application of geographical restrictions is more clear with reference to registered trademarks than with official marks. There are significant policy reasons against preventing the recognition of unregistered marks based solely on the region of their use.

Brick Warehouse Corp. v Brick's Fine Furniture Ltd., [1992] F.C.J. No. 272 [*Brick*].

[51] Vaxco satisfies the requirements for use in association with vaccination, and further supporting this conclusion is the Federal Court and the Federal Court of Appeal's decision to examine use liberally (*Waldorf-Astoria; TSA*). Therefore, Vaxco's FLUSTOPPA & Design has sufficient unregistered trademark rights to continue use in connection with vaccination services.

Waldorf-Astoria, *supra* para 47 at para 107; *TSA*, *supra* para 48 at para 19.

(b) Alternatively, Vaxco is permitted to continue its prior use without infringing

[52] Even if Vaxco did not have an unregistered trademark for FLUSTOPPA & Design, it still would not have infringed Healthward's official mark because FLUSTOPPA & Design was in use prior to Healthward's adoption of its mark. There is no infringement because the official marks regime does not protect official marks from trademarks which were adopted prior to the existence of an official mark.

[53] While the *Trademarks Act* provides that "no person shall adopt... any mark... likely to be mistaken for" an official mark for which the Registrar has given "public notice of its adoption or use", it does not offer any retroactive protection for official marks (*Trademarks Act*). Under the *Trademarks Act*, a trademark is adopted when a person starts to use it or makes it known in Canada. Though public notice and use under the official marks regime function similarly to registration under the trademarks regime, they are not identical principles. Whereas registration grants a person the exclusive right to use and the ability to enforce this right as against infringement (*Trademarks Act*), public notice and use function as a means to prevent others from

adopting a mark (*Trademarks Act*). This disparity is explained by the difference in processes affecting official marks and registered trademarks. Registration requires that the mark not be “confusing with a registered trademark” (*Trademarks Act*). Official marks require no such analysis prior to being recognized. This ensures the protection of the trademark regime by guaranteeing validity of pre-existing marks, despite governmental agencies which might use the same or a similar mark following the private user’s use of the mark. It further protects those in the marketplace from new actors who could otherwise act in bad faith in adopting a similar mark. While the *Trademark Act* does treat the average person or company differently than the government and quasi-governmental actors, the legislation is carefully drafted so as to not to provide extraordinary privileges to a select few.

Trademarks Act, supra para 5 at ss 9(1)n, 19, 20, 9(1), 12(1)(d).

[54] To that end, the language of protection for official marks does not protect them as fully as does the language of protection of registered trademarks. Official marks are protected from the adoption of competing marks (*Trademarks Act*), but based on a plain language reading, it prevents prospective adoption and cannot assert any rights based on pre-existing adoption of a mark. Furthermore, adoption refers to the initial action of undertaking use of a mark, and is not concerned with variance in use. While case law suggests that official marks are protected against expanded use by prior rights holders (*FileNET*), it is unclear whether prior use must occur within a specific geographical area to constitute use therein. The law appears to have not yet decided this issue.

Trademarks Act, supra para 5 at s 9(1).

FileNET Corp. v. Canada (Registrar of Trade-marks), 2001 FCT 865 at para 26 [*FileNET*].

[55] Within the official marks regime, geographical-use barriers should not apply. Official marks are meant to be internationally recognized symbols, such as a flag, a royal crest, or the

symbol of the Olympics (*Trademarks Act*). The use of official marks is intended to capture symbols of international recognition, and therefore, it is equally appropriate to recognize existing marks outside the boundaries of Canada. Additionally, with the increase of a digital society, recognition or confusion of trademarks is not limited to the region in which a mark actively advertises. The internet has allowed for significant increases in brand recognition, awareness, and discoverability. In the modern era, a potential official mark holder can perform an internet search to discover nearly every trademark which would possibly be in use at the time of public notice. This finding would be in line with recent jurisprudence surrounding the *Waldorf-Astoria* and *TSA* cases, which recognize the international consumer market as an important feature of modern trade, to which the law must adapt.

Trademarks Act, supra para 5 at s 9(1).
Waldorf-Astoria, supra para 47 at para 107.
TSA, supra para 48 at para 19.

[56] Vaxco was operating in the U.S., using FLUSTOPPA & Design in relation to all the goods and services they applied to register for, including their website, research, vaccines, and vaccination services. If geographical barriers do not preclude rights to continue use, any use of FLUSTOPPA & Design with reference to these goods and services would not infringe Healthward's mark.

3. An injunction is not an appropriate remedy in the circumstances

[57] In order for an injunction to be granted in the circumstances, Vaxco's FLUSTOPPA & Design mark must have infringed Healthward's official mark. For the aforementioned reasons, Vaxco has not violated the *Trademarks Act*, and so should not be subject to an injunction.

[58] In the alternative, the test from *RJR-Macdonald* is not the correct test to determine whether an injunction is appropriate. Rather, injunctions are generally granted when a party establishes a right to a monopoly, except in exceptional circumstances (*Merck*). Exceptional

circumstances exist in this case in the form of evidence of bad faith, including knowledge of the existence of the mark Healthward alleges is similar, and an attempt on the part of Healthward to monopolize the use of a descriptive trademark. Even if *RJR-MacDonald* applied, the weighing of public benefit requires the Court to assess the public benefits and harms when determining whether an injunction is an appropriate remedy (*Abbvie*). In *Abbvie*, the Court considered the interests of the public in having access to multiple treatment options for psoriasis. Weighing concerns such as access, cost, and limited alternate options for treatment, the Court determined that a partial injunction was appropriate. In Vaxco's circumstances, stronger concerns exist. The current public health environment demonstrates the likelihood of public harm if barriers were put in place to prevent access to an alternative vaccine. Therefore, it would not be in the public interest to issue an injunction against Vaxco.

RJR-MacDonald Inc v Canada (Attorney General), [1994] 1 SCR 311 [*RJR-MacDonald*].
Merck & Co., Inc v Apotex Inc., 1998 FC 7238 [*Merck*].
Abbvie Corporation v. Janssen Inc, 2014 FC 489 at paras 50-53 [*Abbvie*].

PART V: ORDER REQUESTED

[59] Vaxco respectfully submits that Healthward's FLUSTOPPER official mark is invalid and that the FLUSTOPPA & Design does not so nearly resemble it as to be likely to be mistaken for it. Moreover, Vaxco has a valid unregistered trademark before the Official Mark was valid and so does not infringe upon it. Finally, an injunction is not an appropriate remedy given the exceptional circumstances. Therefore, Vaxco asks that the Court of Appeal decision be upheld; the application for the FLUSTOPPA & Design trademark be approved; the official mark FLUSTOPPER be declared invalid; and that no injunction be granted against Vaxco.

[60] All of which is respectfully submitted on this 26th day of January, 2021.

[61] The estimated time for the Respondent's Oral Argument is 30 minutes.

PART VI: TABLE OF AUTHORITIES

Authority	Pinpoint
Legislation	
<i>Trademarks Act</i> , RSC 1985, c T-13.	Ss 9, 12, 14, 19, 20, 32
Jurisprudence	
<i>Abbvie Corporation v. Janssen Inc</i> , 2014 FC 489 [<i>Abbvie</i>].	Paras 50-53
<i>Anne of Green Gables Licensing Authority Inc v Avonlea Traditions Inc</i> , [2000] OJ No 740, 4 CPR (4th) 289 [<i>Anne of Green Gables</i>].	Para 169
<i>Assurant Inc v Assurancia Inc</i> , 2018 FC 121 [<i>Assurant</i>].	Paras 46-50
<i>Badawy v. Igras</i> , 2019 FCA 153 [<i>Badawy</i>].	Para 12
<i>Brick Warehouse Corp. v Brick's Fine Furniture Ltd.</i> , [1992] F.C.J. No. 272 [<i>Brick</i>].	
<i>Cable Control Systems Inc. v Electrical Safety Authority</i> , 2012 FC 1272 [<i>Cable</i>].	Para 6
<i>Canada (Registrar of Trade Marks) v Canadian Olympic Association</i> , [1983] 1 FC 692, 139 DLR (3d) 190 [COA].	Paras 5, 28-32
<i>Council of Natural Medicine College of Canada v College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia</i> , 2013 FC 287 [CNMCC].	Paras 35-38
<i>Divine Hardwood Flooring Ltd. (Divine Flooring) v. D Nine Flooring Ltd., (D Nine Flooring)</i> , 2018 FC 500 [<i>Divine</i>].	Para 20
<i>FileNET Corp. v. Canada (Registrar of Trade-marks)</i> , 2001 FCT 865 [<i>FileNET</i>].	Para 26
<i>Greystone Capital Management Inc. v. Greystone Properties Ltd.</i> , 1999 BCSC 5690, 87 C.P.R. (3d) 43 (B.C.S.C.) [<i>Greystone</i>].	Para 27
<i>ICBC v. Stainton Ventures Ltd.</i> , 2012 BCSC 608 [<i>ICBC</i>].	Para 25
<i>Marlborough Canada Limited v Philip Morris Products S.A.</i> , 2012 FCA 201 [<i>Marlborough</i>].	Para 56
<i>Masterpiece Inc v Alavida Lifestyles Inc</i> , 2011 SCC 27 [<i>Masterpiece</i>].	Para 49

<i>Merck & Co., Inc v Apotex Inc.</i> , 1998 FC 7238 [<i>Merck</i>].	
<i>Miller Thomson LLP v Hilton Worldwide Holdings LLP</i> , 2020 FCA 134 [<i>Waldorf-Astoria</i>].	Paras 107, 108
<i>Ontario Association of Architects v Association of Architectural Technologists of Ontario</i> , 2002 FCA 218 [<i>Ontario Association of Architects</i>].	Paras 58, 60, 62, 69
<i>Parkinson Society Canada v Parkinson Society Alberta</i> , 2016 TMOB 154 [<i>Parkinson Society Canada</i>].	Paras 31-32
<i>RJR-MacDonald Inc v Canada (Attorney General)</i> , [1994] 1 SCR 311 [<i>RJR-MacDonald</i>].	
<i>See You In – Canadian Athletes Fund Corporation v Canadian Olympic Committee</i> , 2007 FC 406 [<i>COC</i>].	Para 60
<i>Sum-Spec Canada Ltd. v Imasco Retail Inc</i> , [1990] FCJ No 241, 20 ACWS (3d) 413 [<i>Sum-Spec</i>].	Para 13
<i>Techniquip Ltd v Canadian Olympic Association</i> , 80 CPR (3d) 225, 145 FTR 59 [<i>Techniquip</i>].	Para 28
<i>TSA Stores, Inc v Canada (Registrar of Trade-marks)</i> , 2011 FC 273, 91 CPR (4th) 324 [<i>TSA</i>].	Para 19