

IN THE SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

BETWEEN:

HEALTHWARD CANADA

Appellant

-and-

VAXCO LTD.

Respondent

FACTUM OF THE RESPONDENT

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PART I - OVERVIEW

1. This case is about whether a company that holds an official mark should be allowed to prevent other companies, that have regulatory approval for their product, from freely competing in Canada. As the COVID-19 pandemic has shown, multiple approved sources of vaccinations are important to public health.

2. The Respondent, Vaxco Ltd. (“Vaxco”), is a US-based company that offers vaccinations to the public, including Canadians. Their flu vaccine “FLUSTOPPA” received Health Canada approval to begin selling in Canada in February 2019. Vaxco is applying for trademark protection for its “FLUSTOPPA” & Design trademark. The Appellant, Healthward Canada (“Healthward”), is a Canadian charity that owns the official mark “FLUSTOPPER”. Their affiliate organization, Healthward Industries Corp (“Industries”), is a for-profit Canadian corporation to whom Healthward has authorized use of its official mark.

3. The purpose of the *Trademarks Act (Act)* is to protect both the Canadian public and owners of trademarks so that the public is confident as to the source of their goods and services, and the owners of the marks continue to compete freely and fairly in the marketplace.¹

4. Official marks exist under s. 9 of the *Act*.² Once granted official mark status, they are afforded unique and broad protections. The Federal Court opines that “the intent of section 9 is to remove [prohibited marks] as listed above from the field of trade or business [,]... these emblems, badges or crests are associated with public institutions, not involved in trade or business.”³

5. Vaxco is entitled to registration of their composite mark. Public authorities are the only

¹ B Amani & C Craig, *Trade-Marks and Unfair Competition Law in Canada*, 2nd ed (Toronto: Thomson Reuters, 2014) at 2 – 6.

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

³ *Techniquip Ltd v Canadian Olympic Association* [1998] FCJ No 280, 145 FTR 59 at para 28.

entities that can adopt and use official marks. Healthward does not accurately qualify as such. Alternatively, Vaxco’s composite mark does not so nearly resemble as to be likely to be mistaken for the official mark. If either of these is the case, there is no bar on registrability for Vaxco’s mark under s. 12(1)(e) of the *Act*.

6. Additionally, if the marks are confusing under s. 16(1)(a) of the *Act*, Vaxco has prior use in Canada, as well as use which can be grandfathered in, entitling Vaxco to use its mark.

7. Finding for Vaxco wholly supports the legislative intent behind the *Act*. Given the unique protections that official marks enjoy, the *Act* did not intend for an expansive meaning to what constitutes a public authority. By characterizing Healthward as a public authority, the Court will effectively ignore the troubling relationship that Healthward has with Industries and encourage a “gaming” of the system wherein for-profit corporations can take advantage of the protection of official marks without having to meet the public authority requirement. Finding for Vaxco will further serve consumer interests by encouraging foreign investment and providing Canadians with substitute products and services. Finally, allowing Vaxco to fully enter the Canadian marketplace will promote the objective of the trademarks regime that allows for consumer choice.

PART II - STATEMENT OF FACTS

1. Parties

8. The Respondent, Vaxco Ltd, is a well-known US-based manufacturer and distributor of flu vaccines. Vaxco also provides educational services about the importance of vaccines. Vaxco has been operating in the US for over 20 years.⁴ The Appellant, Healthward, is the Canadian charitable arm of a multi-national network of organizations. Healthward offers flu vaccines and other medical supplies, and further services, including educational programs and mobile health clinics.

⁴ *Vaxco Ltd v Healthward Canada*, 2020 TCCIP 1222 at para 4 [*Vaxco Trial*].

Healthward has authorized the use of its “FLUSTOPPER” official mark to Industries, a closely related Canadian for-profit corporation.⁵

2. Chronology of Events

9. For the past 20 years, Vaxco has been serving US and Canadian consumers. Vaxco has used their “FLUSTOPPA” & Design trademark in the US for that duration in association with the manufacturing, distributing, and selling of flu vaccines and accompanying services. Vaxco has purposely targeted Canadian consumers through online marketing campaigns, as well as print and billboard advertising in border cities across Canada. Canadians have booked appointments online and received their vaccinations from Vaxco in the US.⁶

10. Healthward started operations in Canada only in 2014 after lobbying the Federal Government for a funding contract with Health Canada, which they entered the following year. The terms of the agreement set out that Health Canada would provide nearly 75% of Healthward’s annual operating expenses and conversely Healthward would consult with Health Canada on the contents of their education programs. Also, Health Canada can appoint two of Healthward’s five board members and can withdraw their funding upon certain considerations. Healthward and Health Canada can both unilaterally terminate the agreement upon reasonable notice.⁷

11. Healthward’s “FLUSTOPPER” official mark was given public notice of adoption and use in January 2019. Vaxco received Health Canada approval for its vaccine to be sold in Canada in February 2019 and applied for registration in Canada of its well-known American “FLUSTOPPA” & Design trademark in March 2019.⁸

⁵ *Ibid* at para 4, 9, 11, 13.

⁶ *Ibid* at para 4, 5.

⁷ *Ibid* at para 9-11.

⁸ *Ibid* at para 4, 6, 8.

3. Procedural History

12. The Registrar refused Vaxco's application pursuant to s. 12(1)(e) of the *Act*. This decision was appealed by Vaxco, who also challenged the validity of Healthward's official mark designation. Healthward in turn sought a declaration stating that use of Vaxco's mark infringed Healthward's official mark.⁹

13. The Trial Court of Canada Intellectual Property Division (TCCIP) held for Healthward on all matters. The presiding judge found that Healthward fulfilled the requirements of a public authority and was thus authorized to hold an official mark.¹⁰ The TCCIP found Vaxco's mark confusingly similar pursuant to s. 6(5) of the *Act* and dismissed Vaxco's claims of prior use.¹¹ The Court of Appeal Intellectual Property Division (CAIP) ruled in favour on Vaxco in all matters, reversing the previous decision. The Court held that Vaxco's mark was not confusingly similar to the official mark because of the distinguishing effect of the design component in Vaxco's composite mark. The CAIP also found that Healthward did not meet the criteria of a public authority, since it was not subject to sufficient government control and took issue with the close relationship of Healthward and Industries.¹²

14. Vaxco now responds to Healthward's appeal, asking this court to uphold the CAIP's decision and overturn the Registrar's refusal to grant Vaxco's registration for its trademark.

PART III - POINTS IN ISSUE

15. The present appeal raises three issues:

1. Is Healthward entitled to public authority designation or an official mark?

⁹ *Ibid* at para 3.

¹⁰ *Ibid* at para 15, 18-20.

¹¹ *Ibid* at 15, 19, 17, 22.

¹² *Vaxco Ltd v Healthward Canada*, 2020 CAIP 333 at paras 4, 6, 8, 11 [*Vaxco Appeal*].

2. Even if Healthward has an official mark, does Vaxco's mark so nearly resemble as to be likely to be mistaken for Healthward's official mark?
3. Did Vaxco have prior use of its services or make known their goods?

PART IV - ARGUMENTS IN BRIEF

1. Healthward is not entitled to public authority designation or an official mark

16. The Registrar denied Vaxco's registrability based on s. 12(1)(e) of the *Act*. Under this provision, a trademark is unregistrable if it is prohibited by s. 9 or s. 10.¹³ Applicable to this case, s. 9(1) prohibits the adoption of a mark which is so resembling as to be likely to be mistaken for an official mark.

17. The Federal Court of Appeal has devised a two-part test to establish public authority designation and thus award an official mark.¹⁴ First, an entity needs to establish that a significant degree of Canadian governmental control over the entity was exercised.¹⁵ Second, the activities of the entity need to benefit the public.¹⁶

i. Health Canada does not exercise significant control over Healthward

18. Healthward might rely on *Registrar of Trade-Marks v Canadian Olympic Association* as precedent for a finding of sufficient governmental control. There, the government's stranglehold on the Canadian Olympic Associations finances helped satisfy the test.¹⁷ The government contributed and monitored a substantial portion of the funding, and in case the organization surrendered its charter, the government would be partially responsible for disposing the

¹³ *Act*, *supra* note 2 at s. 12(1)(e).

¹⁴ *Association of Architects (Ontario) v Association of Architectural Technologists (Ontario)*, 2002 FCA 218 at para 51 [*Architects*].

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ *Registrar of Trade-Marks v Canadian Olympic Association*, (1982), 67 CPR (2d) 59.

organization's assets.¹⁸ This case is distinguishable because Healthward is not subject to similar government control; Healthward's assets cannot be disposed at the direction of the government.¹⁹

19. Also, the court found government control in *Olympic* because the organization had "responded positively to the request of the Federal Government that the Canadian Olympic team not participate in the Moscow Olympic Games," meaning that the government could prevent the organization from pursuing one of its core functions.²⁰ This is not the case here. Health Canada cannot force Healthward to do anything. Suggesting which community to serve and consulting on education programs are clearly distinct from the authoritative power referenced in *Olympic*.

20. Advancing public health is also an aligned objective between Healthward and Health Canada, and so has not resulted in fundamental disagreements on the record. However, should this happen, Healthward can unilaterally ignore Health Canada's directions regarding which communities to serve and disregard Health Canada's input about educational programs. In addition, both Healthward and Health Canada can unilaterally terminate the funding agreement.²¹

21. The facts of this case are more aligned with *Architects*, where it was held that the Association of Architectural Technologists was *not* under governmental control. Being a statutory body with no power to change its objects without an amendment to its statute was not sufficient. Here, Healthward is not a statutory body. Health Canada and Healthward are merely in a funding agreement, which each party can terminate unilaterally upon reasonable notice.

22. Similarly, in *Canadian Jewish Congress*, it was held that a charity is not under significant public control per se because the government cannot intervene in the conduct of charitable

¹⁸ *Ibid.*

¹⁹ *Vaxco Trial*, *supra* note 4 at para 10, 11.

²⁰ *Registrar of Trade-Marks v. Canadian Olympic Association*, *supra* note 17.

²¹ *Vaxco Trial*, *supra* note 4 at para 9-11.

organizations.²² Here, despite Health Canada's ability to name two of Healthward's five board members due to the funding agreement, Healthward maintains control over their conduct.

ii. Healthward's activities do not benefit the public

23. The second part of the test to determine public authority status is whether the activities of the body benefit the public. Charity status alone does not sufficiently fulfill this requirement.²³

24. While providing access to vaccines benefits the public, the way Healthward operates in association with the for-profit Industries casts a concerning shadow on what should be a noble endeavor. Even though Healthward enjoys registered charity status, substantial benefits derived from their operations are channeled towards these for-profit Industries instead of to the public. This Court should be careful not to protect corporate interests marketed under the guise of public benefit through official mark status.

iii. Denying Healthward's public authority status is aligned with public policy

25. Finding against Healthward as a public authority is aligned with public policy. Trademark law aims to protect fair competition, as the *Act* relates to "trademarks and unfair competition."²⁴

26. While s. 9(2) allows for licensing of official marks, Healthward's licensing of their mark to Industries results in a significant disadvantage for Healthward's competitors of Health-Canada approved vaccinations. All vaccine providers have gone through the arduous process of meeting the regulatory burden set out by Health Canada. Meanwhile, Industries has no such barriers as they rely on the broader protections afforded by Healthward's official mark. Given this unfair advantage, upholding Healthward's status as a public authority would be antithetical to the purpose of the trademark's regime.

²² *Canadian Jewish Congress v Chosen People Ministries Inc*, 2002 FCT 613, 214 DLR (4th) 553 at para 59

²³ *Ibid* at para 53.

²⁴ *Act*, *supra* note 2.

2. Vaxco’s mark does not “so nearly resemble as to be likely to be mistaken for”

Healthward’s official mark

27. If the “FLUSTOPPER” mark is found to be a valid official mark, then Vaxco should still be allowed to register their trademark as it is not prohibited by s. 12(1)(e) of the *Act*.

i. The appropriate test to be applied

28. In *Canadian Olympic*, the Federal Court stated that in the context of s.9(1), the applicable test is one of straight comparison, putting a significant amount of weight on the design component of the two marks in concluding that they resembled one another.²⁵ However, the Court in *Big Sisters* rejected the straight comparison test, instead stating that for official marks, the question “must be determined in the context of whether a person who, on a first impression, knowing one mark only and having an imperfect recollection of it, would likely to be deceived or confused.”²⁶

29. The CAIP rejected the s. 6(5) analysis for official marks, and instead ruled that official marks are entitled to narrower protection, and therefore “FLUSTOPPER” and “FLUSTOPPA & Design” do not so closely resemble each other as to be mistaken for one another.²⁷

ii. Factors the court can look at when assessing under prohibited resemblance

30. Although the TCCIP erred in applying a s. 6(5) confusion analysis, regard may be had to the s. 6(5)e resemblance factors between trademarks and tradenames in appearance, sound, or idea when determining whether a mark is confusing with an official mark.²⁸

31. Examiners also look for a dominant factor of a mark, which is the most striking or unique

²⁵*Canadian Olympic Association v Health Care Employees Union of Alberta*, [1992] FCJ 1129 at para 3, 21 [Canadian Olympic].

²⁶*Big Sisters Association of Ontario v Big Brothers of Canada*, [1997] FCJ 627 at para 62 [Big Sisters]. See also *Canadian Olympic Association v Olymel, Société en Commandite*, 2000 CarswellNat 1202, [2000] FCJ No 842 at para 26.

²⁷*Vaxco Appeal*, *supra* note 12 at para 6.

²⁸*Big Sisters*, *supra* note 26 at para 64.

feature, when considering resemblance.²⁹ A dominant feature is one of first impression, as being the most influential or prominent feature of a mark.³⁰ Where the design elements of the mark do not stimulate visual interest, the word element will be deemed dominant.³¹ If the word element and the design element are equally influential or prominent, neither can be dominant.³²

32. Vaxco's mark is a composite mark, consisting of the word "FLUSTOPPA" in curved lettering above a syringe. Neither part of Vaxco's mark is more dominant than the other, and on first impression, both elements of the mark are equally perceived. Although the design component is smaller than the word element, it is intricate and draws a consumer's eyes toward it. Furthermore, the font and style of the word element is plain block letters. The only thing appealing about it is the curved lettering. Therefore, neither part of Vaxco's trademark is dominant, and must be looked at in its entirety when compared to Healthward's official mark.

iii. Vaxco's trademark is registrable

33. The court must judge whether Vaxco's trademark is unregistrable under s.12(1)(e) and s.9(1), giving regard to resemblance and the dominant features of the marks.

34. Upon first impression, a consumer can tell that they are different marks, and come from different sources. Although the Appellant may argue that special attention must be paid to the difference in lettering between the marks otherwise consumers would be deceived, sound is not required in s. 9(1) of the *Act*. Sound is part of the s. 6(5) analysis, which is not determinative for official marks.³³ Even if the spelling of the marks is considered, the fact that Vaxco's trademark

²⁹ *Masterpiece Inc v Alavida Lifestyles Inc* [2011] CarswellNat 1613, at paras 84, 92.

³⁰ Canadian Intellectual Property Office, *Paragraph 12(1)(b): "Sounded" Test Applied to Composite Marks Which Include Words That Are the Dominant Feature of the Mark* (June 2015), online: *Canadian Intellectual Property Office* <<https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr00215.html>>.

³¹ *Ibid.*

³² *Ibid.* While this is a CIPO Practice Notice in relation to s. 12(1)(b), dominance is instructive in relation to resemblance and registrability.

³³ *Big Sisters*, *supra* note 26 at para 21, 32.

contains a design element means that a consumer would not have to pay special attention to the spelling to know that they indicate different sources.

35. In addition, the Federal Court in *Engineers* stated that it is not reasonable that any mark containing some part of the official mark could not be adopted and would be unregistrable.³⁴ The Court held that the word “ENGINEERED” should not be prohibited from registration simply because it reproduced the official mark “ENGINEER”.³⁵

36. Vaxco’s trademark does not contain “FLUSTOPPER” in its entirety, it simply contains identical letters followed by a different suffix. Following the rule from *Engineers*, this would not be enough stop Vaxco from registration, and “it is inconceivable that Parliament intended to give such wide ambit of protection to official marks through the enactment of s. 9 of the *Act*.”³⁶

37. Therefore, Vaxco’s trademark does not so nearly resemble as to be likely to be mistaken for Healthward’s official mark due to the differences in spelling and overall design.

3. Vaxco had prior use of its services and made known their goods

38. If the marks are found to be confusing, then the issue becomes whether Vaxco has entitlement to use. Entitlement under s. 16(1)(a) stems from whether Vaxco’s composite mark has been “used” or “made known” in Canada before Healthward. Since Vaxco has made prior use of its services and made known its goods before Healthward, Vaxco’s composite mark is registrable.

39. Whether Healthward owns the official mark has no bearing on the use and “made known” analysis because section 9(1)(n)(iii) does not retroactively prohibit the adoption of marks.³⁷

Vaxco’s use and making known of its mark occurred before Healthward’s public notice. Vaxco

³⁴ *Canadian Council of Professional Engineers v APA – The Engineered Wood Association*, [2000] CarswellNat 1391, 56 CPR (4th) 442 at para 68 [*Engineers*].

³⁵ *Ibid* at para 70,71. See also *Insurance Corp of BC v Stainton Ventures Ltd*, 2014 BCCA 296.

³⁶ *Ibid* at para 68,70.

³⁷ *Canadian Olympic Association v Allied Corp* (1989), 28 CPR (3d) 161 at para 8.

has prior vested rights and cannot now be enjoined from using its mark in association with its previously used goods and services.³⁸

i. Vaxco made prior use of its services before Healthward's mark

40. Using a mark on a website can constitute use in Canada in association with services.³⁹

Section 4(2) of the *Act* states that “a trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.”⁴⁰ “Service” is not defined in the *Act*. Jurisprudence has instead adopted a broad interpretation of the term.⁴¹

41. Courts have established that while services must be offered to Canadians or performed in Canada, such services can be sufficiently performed without the physical presence of Canadian bricks-and-mortar stores.⁴² For a mark to constitute use of services in the absence of bricks-and-mortar stores, it is necessary that there is some degree of interactivity with the Canadian customer.⁴³ So long as some members of the Canadian public receive a material benefit from the activity, it is considered a performed service.⁴⁴

42. For the last 20 years, Vaxco was operating a website that prominently featured its mark.⁴⁵ This is not a “mere” website that was simply accessed by Canadians. This website was also directed at, *and* used by Canadians, in part, to book appointments to receive Vaxco’s flu vaccine and learn about Vaxco’s products and services.⁴⁶

43. In *Hilton Worldwide*, ancillary services performed through the Hilton website, such as

³⁸ *Ibid* at para 9.

³⁹ *FileNET Corp v Canada (Registrar of Trade Marks)*, 2002 FCA 418 at para 9.

⁴⁰ *Act*, *supra* note 2 at s 4(2).

⁴¹ *Kraft Ltd v Canada (Registrar of Trade Marks)*, [1984] CarswellNat 79 at para 8, 1 CPR (3d) 457.

⁴² *Unicast SA v South Asian Broadcasting Corp*, 2014 FC 295 at para 46; *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 129 [Miller Thomson].

⁴³ *Dollar General Corporation v 2900319 Canada Inc*, 2018 FC 778 at para 19 [*Dollar General Corp*].

⁴⁴ *Société Nationale des Chemins de Fer Français SNCF v Venice Simplon-Orient-Express*, [2000] FCJ No 1897 at para 8, 9 CPR (4th) 443 [*Société Nationale*]; *Miller Thomson*, *supra* note 42 at para 152.

⁴⁵ *Vaxco Trial*, *supra* note 4 at para 4, 5.

⁴⁶ *Vaxco Trial*, *supra* note 4 at para 5.

providing reservation or booking services for Canadians for hotels outside of Canada, were found to constitute services in Canada.⁴⁷ Similarly, through its website, Vaxco facilitated a booking system aimed at providing Canadians with the opportunity to reserve a time and date to receive a unique flu vaccine at Vaxco clinics in the US.⁴⁸ This service constitutes a benefit to Canadians because it provides Canadians' control over when and where in the US they would like to receive this vaccine and provides a substitute vaccination service to those offered in Canada.

44. The current pandemic has demonstrated that the importance of affording Canadians with the choice of vaccine that they receive cannot be underscored. The booking system acts as a vital pathway for Canadians to make an extremely personal, important decision about who and where they receive vaccinations from. Where the rollout of vaccines may be limited or delayed, consumer preference for vaccines should be maintained regardless of whether it is during normal circumstances or during a pandemic. As such, Canadians derive a direct benefit from using Vaxco's booking system to receive vaccinations in the US based on their preference.

45. In *Heenan Blaikie LLP*, the Federal Court found that a company's website's services were akin to retail store services while the company was not selling its product to customers in Canada.⁴⁹ Use in association with services was found because the website was strongly associated with the company's mark and the services were of benefit to Canadians, who accessed and used the website.⁵⁰ Similarly, Canadians use Vaxco's website to research Vaxco's products and services.⁵¹ The product and service information is analogous to a knowledgeable salesperson if the consumers had been in a bricks-and-mortar store. The service of providing such detailed information so that

⁴⁷ *Miller Thomson*, *supra* note 42 at para 76.

⁴⁸ *Vaxco Trial*, *supra* note 4 at para 5.

⁴⁹ *Heenan Blaikie LLP v Sports Authority Michigan Inc*, 2011 FC 273 at para 19.

⁵⁰ *Ibid* at para 21.

⁵¹ *Vaxco Trial*, *supra* note 4 at para 5.

Canadians can make an informed decision on whether to buy from Vaxco constitutes a benefit to Canadians. Providing product information is considered an ancillary service⁵², but the Federal Court has been clear that the *Act* does not make a distinction between the provision of primary, secondary, and ancillary retail store services.⁵³

46. Additionally, allowing Vaxco to distribute its flu vaccines and offer its vaccination services directly in Canada now, amidst a pandemic, would provide an unparalleled benefit to the Canadian public. Opening another source of vaccines for Canadians to receive would not only lighten the strain on Canada’s healthcare system but increase the availability of flu vaccines, making it more likely that more Canadians will be able to be vaccinated in a shorter period of time.

47. The educational services on Vaxco’s website can constitute use even though it is a non-commercial provision of services. Subsection 4(2) does not specify that a “service” must constitute a commercial purpose, nor does it require that the service be made in the “normal course of trade”.⁵⁴ Further, in *Cooperstock*, the Federal Court found “use” for services, in part, because the defendant provided services through information delivery that was for the benefit of the public.⁵⁵

48. Providing educational information regarding the importance of vaccines benefits the Canadian public. In a time of uncertainty and false news regarding the trustworthiness of vaccines, it is imperative that Canadians are able to use online information from a trusted source to debunk vaccination “myths”. Vaxco’s website directly provides a resource for Canadians to fall back to and use to teach others that may be misinformed about the importance of vaccinations. The more Canadians are properly informed, the more will choose to receive vaccinations, and as a result, the safer the Canadian population will be.

⁵² *Dollar General Corp*, *supra* note 43 at para 7, 9.

⁵³ *Société Nationale*, *supra* note 44 at para 8.

⁵⁴ *Act*, *supra* note 2 at s 4(2).

⁵⁵ *United Airlines Inc v Cooperstock*, 2017 FC 616 at para 34.

49. Because the “FLUSTOPPA” & Design mark is prominently featured on Vaxco’s public website in connection with all of these services and Canadians derive a meaningful benefit from the website, this constitutes “use” in Canada. Vaxco’s composite mark was used in association with these services before Healthward used and adopted its official mark. As such, Vaxco cannot now be enjoined from using its composite mark in association with these services.

ii. Vaxco “made known” its goods in Canada

50. Vaxco has satisfied the alternative grounds under s. 16(1)(a) of being “made known” in Canada under section 5 of the *Act*. Section 5 of the *Act* states that:

“A trademark is deemed to be made known in Canada by a person only if it is used by that person in a country of the Union, other than Canada, in association with goods or services, and
(a) the goods are distributed in association with it in Canada, or
(b) the goods or services are advertised in association with [it]
(...)
and it has become well known in Canada by reason of the distribution or advertising.”⁵⁶

51. Vaxco’s mark was used by a person in the Country of the Union in association with its goods, namely flu vaccines. Vaxco manufactured and distributed flu vaccines for more than 20 years in the US, a country of the Union.⁵⁷ Vaxco engaged in print and billboard advertising in Canadian cities along the US border in order to encourage Canadians to travel to the US to receive “FLUSTOPPA” vaccinations.⁵⁸ As such, Vaxco’s advertisement of the goods fulfills the made known requirement under section 5(b).

52. In order for a mark to be considered well known in Canada, the mark must be known in a substantial portion of the country.⁵⁹ What is found to be a substantial portion is determined on a

⁵⁶ *Act*, *supra* note 2 at s 5.

⁵⁷ *Vaxco Trial*, *supra* note 4 at para 4.

⁵⁸ *Ibid* at para 5.

⁵⁹ *Valle’s Steak House c Tessier*, [1980] CarswellNat 108F at para 13, 49 CPR (2d) 218; see also *Robert C Wian Enterprises Inc v Mady*, [1965] CarswellNat 1 at para 28, 46 CPR 147.

case-by-case basis. For example, being well known can constitute regional areas⁶⁰ or can be based on a percentage of the total Canadian population. It is viewed that a trademark being well known in 15% of the Canadian population is sufficient for a mark to be well known.⁶¹

53. In *Andres Wines*, the Court found that the mark was sufficiently “made known” in Canada because the telecasts of commercials referring to the mark by stations on the Canada-US border were received by a large number of viewers in Canada.⁶² It was also significant that the commercials had the *potential* of reaching nearly 52% of the Canadian population at a given time.⁶³

54. Similarly, Vaxco’s print advertising was done in Canadian cities along the entire Canada-US border.⁶⁴ Advertising in this way does more than, for example, making known a mark in a specified regional area. This is because the advertising physically ranges across the entire country and because nearly 66% of the Canadian population lives within 100 kilometres of this border.⁶⁵ Considering that Vaxco exclusively advertised in the most densely populated areas of Canada, it is apparent that a majority of the Canadian population is likely to have been reached.

55. While there is no factual record on the exact number of Canadians that were reached from print advertising, the potential for a substantial portion of the country is evident. Because only print advertising is being considered, this potential percentage of Canadians who would view Vaxco’s advertising would reflect a higher number if the billboard advertising were also taken into consideration. In totality, the potential percentage of Canadians that could be reached through Vaxco’s advertising is greater than that of the potential percentage found in *Andres Wines*.

⁶⁰ *Ibid*, at para 13.

⁶¹ A K Gill & R S Jolliffe, “Fox on Canadian law of trade-marks and unfair competition”, 4th ed (Toronto: Carswell, 2001), ch 5.3 at subheading (iv).

⁶² *Andres Wines Ltd v E & J Gallo Winery*, [1975] FCJ No 168 at para 18, [1976] 2 FC 3, 25 CPR (2d) 126.

⁶³ *Ibid*.

⁶⁴ *Vaxco Trial*, *supra* note 4 at para 5.

⁶⁵ Statistics Canada, “Population size and growth in Canada: Key results from the 2016 Census” (8 February 2017), online: *The Daily* <<https://www150.statcan.gc.ca/n1/daily-quotidien/170208/dq170208a-eng.htm>>.

56. Further, it is not disputed that Canadians travelled to the US to receive “FLUSTOPPA” vaccines.⁶⁶ Because these forms of print and billboard advertising were the only physical forms of advertising done in Canada, it follows that some percentage of the Canadians that ultimately travelled to the US and received such vaccinations did so after witnessing Vaxco’s advertising in their cities along the Canada-US border.

57. Vaxco “made known” the “FLUSTOPPA” composite mark in the context of its goods in a substantial portion of Canada. This fulfills the section 5 aspect of proving priority rights and entitlement to register under s. 16(1)(a). Because Vaxco made known its mark before Healthward adopted and used the official mark, Vaxco cannot now be enjoined from associating the mark with its goods.

4. Finding for Vaxco is Consistent with Public Policy Objectives

i. Public authorities’ status should not be given broadly

58. While there are good public policy arguments for the special treatment of official marks, usage has grown extensively despite the caution that should accompany such unique protections.⁶⁷ These protections include exemptions from restrictions placed upon regular marks and limits on grounds of opposition.⁶⁸ Essentially, an official mark skips the standard registration process by only being required to make their mark known, and when they are recognized, an official mark becomes “virtually unexpungable”.⁶⁹

59. Courts have recognized the heightened protections available to official marks and the

⁶⁶ *Vaxco Trial*, *supra* note 4 at para 5.

⁶⁷ DL Davis, “Too Much Protection, Too Little Gain: How Official marks Undermine the Legitimacy of Intellectual Property Law” (2009) 14:1 *Appeal: Review of Current Law and Law Reform* 25.

⁶⁸ TMA s 12, 18, 38, 45. These unique protections include the fact that they are not subject to opposition under s. 38 of the *Act*, summary expungement under s. 45 or the restrictions under s. 12. They are also not subject to the restrictions of s. 18 as they do not undergo the registration process like other trademarks.

⁶⁹ *Architects*, *supra* note 14 at para 63.

potential harms of such protections. The Federal Court in *USPS* cautioned that official marks have a real possibility to harm trade-mark owners and the public.⁷⁰ Marks with established goodwill can be copied by public authorities and those who previously owned the mark are prohibited from expanding their use.⁷¹ The resulting harm to the industry is self-evident. The public could be harmed by confusion as well, or by losing faith in the trademark regime. The Federal Court of Appeal has also cautioned against giving such marks expansive meaning.⁷²

60. Looking at the protections offered to marks under s. 9 purposively allows the court to gain more insight into the reasons for this caution. These heightened protections were created to protect the public and ensure well-known marks do not become “pawns of trade or proprietorship”.⁷³ It is these high protections that have encouraged courts to continuously narrow the definition of public authorities when given the opportunity. *Conorzio* affirms that public authority designation applies only to entities under Canadian government control.⁷⁴ *Architects* follows in this path by rejecting the lower court’s test for determining public authority, finding that it was too lenient considering its ramifications.⁷⁵ The principle of grandfathering of previously used marks serves the identical purpose.⁷⁶

61. Healthward’s public authority status is a manifestation of the worst of concerns raised by the judiciary and academics. Healthward is a close affiliate of Industries, operating in their interest.⁷⁷ The lack of consideration for the best interests of public health in who gets to use the mark authorized exclusively to Industries is a clear example of this. Healthward lobbied for its

⁷⁰ *Canada Post Corp v United States Postal Service*, 2007 FCA 10 at para 75.

⁷¹ *Magnotta Winery Corporation v Vintners Quality Alliance*, 2001 FCT 1421, [2001] FCJ No 1941 at para 28; *Royal Roads University v Canada*, 2003 FC 922 at para 16; *Architects*, *supra* note 14 at para 20, 34.

⁷² *Architects*, *supra* note 14 at para 75.

⁷³ *Canada Post Corp*, *supra* note 70 at para 45.

⁷⁴ *Maple Leaf Foods Inc v Consorzio del Prosciutto di Parma*, 2012 FC 416 at para 26.

⁷⁵ *Architects*, *supra* note 14 at para 59.

⁷⁶ *Canadian Olympic Association*, *supra* note 37 at para 9.

⁷⁷ *Vaxco Trial*, *supra* note 4 at para 12.

relationship with the government in pursuit of clear benefit for shareholders of Industries. At its core, Industries, through an affiliated entity, entered a for-profit *quid pro quo* arrangement when Healthward essentially lobbied the government for a contract and illegitimately received an official mark. Given that official marks have such unique protections, the only way to challenge them is through costly litigation. Fortunately, Vaxco has the resources to act in such a matter. However, it is likely that many businesses will not. If there is a finding for Healthward, the floodgates will open for corporations to take advantage of this unique regime.

62. Designation of official marks can have ramifications on whole industries as such unique protections can severely restrict trade. Instead of competing against each other for opportunities to win government contracts, companies are now incentivized to game the system and create monopolies. This is why s. 9(1)(n)(iii) has been criticized as “out of touch with both business and ordinary public sentiment”.⁷⁸ Healthward is a clear example of the merits in the cautions provided by scholars and accounted for in jurisprudence. Commercial actors such as Industries can abuse the system to be afforded undeserving protections and even copy marks that have developed goodwill. Courts have fought against this notion, going so far as to claiming that some marks should not be afforded such protections even if the criteria are met.⁷⁹ “FLUSTOPPER” does as it says. It stops the flu and as such should fall under a category of marks which should not be monopolized through official mark status.

63. Healthward’s false recognition as a public authority is immensely dangerous to free enterprise, and it can be highly injurious to public policy as well. Given that Vaxco must meet all the same health regulatory restrictions as Healthward, the restriction of the mark only serves to

⁷⁸ D Vaver, *Does the Public Understand Intellectual Property Law? Do Lawyers?* (Cowansville: Intellectual Property at the Edge: New Approaches to IP in a Transsystemic World, 2007) at 1.

⁷⁹ *Canadian Jewish Congress v Chosen People Ministries Inc*, *supra* note 22 at para 58.

further Healthward's quasi-monopoly. *Ciba-Geigy* sets out that the role of the court is "not only to do individual justice, but to safeguard the interests of the public".⁸⁰ This sentiment is especially important given today's unprecedented circumstances. With hospital capacities at near critical levels, flu immunization is a determining factor in protecting Canadians.⁸¹ Healthward's attempt to limit other enterprise clearly contradicts both public policy and trademark regulation.

ii. Finding for Vaxco is in line with Canada's international obligations

64. A finding for Vaxco would furthermore be aligned with Canada's core international commitments to fair competition and fair trade. As a signatory to the *Paris Convention for the Protection of Industrial Property*, Canada has committed itself to repressing unfair competition.⁸² Likewise, through the *Canada-United States-Mexico Agreement* and *Canada-European Union Comprehensive Economic and Trade Agreement*, Canada has pledged to promote free trade.⁸³

65. Canada's commitment to participation in the global market is reflected in trademark law as well. Parliament recently passed three different bills to modernize the *Act* with the goal of ensuring that Canada's intellectual property systems are aligned with international standards and attracting foreign investment to Canada.⁸⁴

66. Maintaining the official mark status of Healthward, who is using it for the exclusive commercial gain of Industries, is contrary to jurisprudence, legislative intent, and public policy.

⁸⁰ *Ciba-Geigy Canada Ltd v Apotex Inc*, 1992 SCJ 83 at para 49.

⁸¹ Jonathan Forani, *Flu shot more important than ever during COVID-19 pandemic, expert says* (Aug 2020), online: CTV News <<https://www.ctvnews.ca/health/coronavirus/flu-shot-more-important-than-ever-during-covid-19-pandemic-expert-says-1.5062695>>[<https://perma.cc/7JCQ-49BS>].

⁸² *Paris Convention for the Protection of Industrial Property*, 28 Sept 1979, 828 UNTS 305, art 1, 21 UST 1583 (entered into force 2 June 1984).

⁸³ *Canada-European Union Comprehensive Economic and Trade Agreement Implementation Act*, SC 2017, c 6, <<https://canlii.ca/t/52xvv>> [CETA]; *Canada-United States-Mexico Agreement Implementation Act*, SC 2020, c 1, <<https://canlii.ca/t/549r9>> [CUMSA].

⁸⁴ Canadian Intellectual Property Office, *Archived – Trademarks legislative changes and international treaties* (January 2019), online: *Canadian Intellectual Property Office* <<https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr03964.html#billc31>> [https://perma.cc/6CNA-UEHP]; Bill C-31, *An Act to implement certain provisions of the budget tabled in Parliament on February 11, 2014 and other measures*, 2nd Sess, 41st Leg, Ontario, 2014 (assented to 19 June 2014), SC 2014, c20.

Rather than promoting a trademarks regime based on free and fair competition, welcoming foreign companies, and encouraging foreign investment, Healthward's official mark promotes a closed-off, protectionist approach to the delivery of Health Canada-approved vaccines.

PART V - ORDER REQUESTED

67. The Respondent respectfully requests that this Court uphold the decision of the Court of Appeal, and that the Appellant's appeal be dismissed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Signed this 26th day of January 2021.

Team No. 6

Counsel for the Respondent

PART VI - TABLE OF AUTHORITIES

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