

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

Between:

Healthward Canada

(Appellant)

And

Vaxco Ltd

(Respondent)

FACTUM FOR RESPONDENT

(The 2020–2021 Harold G. Fox Moot)

PART I – OVERVIEW

[1] This matter concerns the Appellant’s inappropriate attempt to use the official marks provision (the “provision”) in the *Trademarks Act* to block legitimate trademark use and registration and hinder healthy competition in the Canadian vaccine market. The official marks provision seeks to ensure that marks associated with trusted public institutions are removed from the field of trade and commerce. The Appellant’s attempt to exploit the official marks provision to illegitimate ends cannot succeed.

[2] In the event that Healthward’s official mark were found valid, the Respondent (Vaxco) has established use of their FLUSTOPPA word and design mark in relation to both goods and services in Canada per sections 4(3) and 4(2) of the *Trademarks Act* prior to notice of the Appellant’s official mark. This allows for continued use of Vaxco’s mark in Canada within these prior established categories. Additionally, where potential harms to the appellant are purely pecuniary, and where an injunction would cause harm to the Canadian public, the court should be reluctant to use their discretion in granting the equitable remedy of a permanent injunction.

PART II – STATEMENT OF FACTS

1. Background Information

[3] Vaxco is a US corporation who has manufactured, distributed, and sold flu vaccines using its well-known FLUSTOPPA word and design mark for over 20 years. Prior to February 2019, Vaxco’s Canadian presence included shipping its vaccines through Canada to Europe; print and billboard advertising in Canadian border cities encouraging Canadians to travel to Vaxco’s US clinics for vaccination; and maintaining a website targeting Canadians that provides free educational information about the importance of vaccines, advertises Vaxco’s goods and services, and offers a paid appointment booking service for Vaxco’s US clinics. The website prominently

features the FLUSTOPPA word and design mark and has been accessed by Canadian residents to research Vaxco's products and ultimately book vaccine appointments in their US clinics. There is no evidence to support that the appointment booking service specifically does not target Canadians despite the fact that Canadians had to travel to the US to receive the vaccine.

[4] After a long regulatory process to which the Appellant (Healthward) is privy, in February 2019, Vaxco received Health Canada ("HC") approval to sell their vaccines in Canada. In March 2019, Vaxco applied for a Canadian trademark for its FLUSTOPPA word and design mark in association with wares and services including vaccines and related pharmaceutical preparations, as well as services related to vaccination clinics. The application was refused per section 12(1)(e) of the *Trademarks Act* based on similarity to Healthward's official mark FLUSTOPPER.

[5] Healthward is the owner of the FLUSTOPPER official word mark for which notice was given in January 2019. They are a non-profit charity who entered the Canadian market in 2014 aiming to provide education on vaccination and run mobile clinics offering free vaccination. In 2015, they entered a funding agreement with HC that covers 75% of Healthward's yearly operating expenses, with the remainder covered by private donations, licensing revenue, and returns from a large endowment fund. In return, Healthward consults HC on curriculum and messaging for educational programs, HC appoints 40% of Healthward's board of directors, and HC can direct Healthward to provide mobile clinics in underserved communities. If Healthward cannot accommodate identified communities, HC can claw back portions of funding. Both parties have a right to unilaterally terminate this funding agreement upon reasonable notice to the other party.

[6] Healthward licenses its official mark to its for-profit affiliate, Healthward Industries Corp ("Industries"), which has operated in Canada since the mid-1990s. Industries manufactures vaccines and medical supplies and sells them to Healthward at market price for use in Healthward's

mobile clinics, Canadian hospitals, and other vaccine providers. In return, Healthward receives royalties for products sold to third parties.

[7] Healthward sought a declaration that their competitor's use of the FLUSTOPPA mark infringes their new official mark and requests an injunction to prevent Vaxco's Canadian market entry under Vaxco's well-known brand. Vaxco sought to overturn the Registrar's decision to refuse Vaxco's application to register the trademark FLUSTOPPA & Design in addition to bringing an application challenging the validity of Healthward's official mark FLUSTOPPER.

2. Trial Court Decision

[8] Coff J held in favour of Healthward, determining the FLUSTOPPER official mark was valid because of Healthward's public authority status, which stemmed from government control through Healthward's reliance on the government funding agreement as one of its several income sources, and its status as a registered charity. Coff J also found that Vaxco's FLUSTOPPA mark could not be registered because it was confusingly similar to the recently adopted FLUSTOPPER official mark. Coff J applied the *Trademarks Act* section 6(5) factors and held that the proposed mark and official mark are similar in appearance, sound, and ideas suggested. Coff J also found similarities in wares, services, and channels of trade. Based on the valid official mark and a finding of confusion, Coff J upheld the Registrar's decision to refuse Vaxco's application.

[9] Coff J found that Vaxco's use of their mark in Canada prior to the January 2019 notice of Healthward's official mark does not constitute use of a trademark in Canada, and thus no right of continued use applies. Consequently, Healthward's injunction was granted.

3. Court of Appeal Decision

[10] Ailes JA reversed the lower court decision in Vaxco's favour, finding the FLUSTOPPER official mark invalid and declining to grant the injunction. The Court of Appeal held that Coff J

erred in conducting a confusion analysis as opposed to the more stringent resemblance test regularly applied to official marks. Ailes JA distinguishes the two marks based on design, finding that Vaxco's mark does not so nearly resemble Healthward's official mark that they would likely be mistaken for one another.

[11] Ailes JA also found that Healthward is not a public authority per section 9(1)(n)(iii) of the *Trademarks Act*. Charitable status and contractual obligations were found insufficient to meet the "substantial control" requirement of a public authority, especially given the unilateral termination provisions within the funding agreement. While Ailes JA agreed with Coff J that Healthward provides important public health benefits, they note that Healthward abuses the official marks regime by licensing their official mark for profit and gaining competitive advantages by enjoining large competitors from joining the market under their well-established brand names. Healthward did not satisfy the "substantial control" requirement, thus their official mark was found invalid.

[12] Ailes JA also addressed hypothetical prior use arguments, finding that Vaxco could rely on their use prior to notice of Healthward's official mark had it been found valid, allowing them to continue using the FLUSTOPPA trademark in association with the goods and services it had previously used it with. The Appeal Court also points out that if the Appellant argues that Vaxco's use prior to January 2019 does not constitute use under the *Trademarks Act*, then these actions do not constitute infringement that can be enjoined through an injunction. This leads to the logical conclusion that Vaxco may continue these uses without infringement.

[13] The Court of Appeal held that Vaxco has not expanded its prior use of the FLUSTOPPA trademark, but even if this were true, Vaxco's use of the mark remains in association with the same classes of goods and services as their prior use, and thus remains permissible when holistically and

fairly determining prior use. Ailes JA then stated that were the official mark found valid, the court would not exercise their discretion to grant the equitable remedy of injunction.

PART III – POINTS IN ISSUE

[14] This appeal raises four issues:

- 1) Is Healthward a public authority as contemplated in subsection 9 of the *Act* and thus capable of requesting the Registrar to give public notice of its adoption and use of a mark as an official mark?
- 2) Did the Registrar err in refusing to allow Vaxco's FLUSTOPPA & Design trademark registration given Healthward's valid official mark?
- 3) Does Healthward's FLUSTOPPER official mark prevent or otherwise restrict Vaxco's use of the FLUSTOPPA trademark?
- 4) Should the court refuse to issue an injunction enjoining Vaxco's use of its mark?

PART IV – ARGUMENTS IN BRIEF

ISSUE 1: HEALTHWARD IS NOT A PUBLIC AUTHORITY AS CONTEMPLATED IN SUBSECTION 9 OF THE *ACT* AND IS THUS NOT CAPABLE OF REQUESTING THE REGISTRAR TO GIVE PUBLIC NOTICE OF ITS ADOPTION AND USE OF A MARK AS AN OFFICIAL MARK.

[15] The Court of Appeal correctly held that Healthward is not a public authority and, as such, that Healthward's FLUSTOPPER official mark is invalid. Given the significant level of protection afforded to official marks, courts have interpreted *Trademarks Act* subsection 9(1)(n)(iii) in a narrow and purposive manner. The current test stipulates that a body seeking to gain public authority status must be subject to a significant degree of governmental control and that the body's function must be sufficiently for the public benefit. Healthward meets neither of these requirements and moreover has potential to create public harm.

Greg Hagen et al, *Canadian Intellectual Property Law*, 2nd ed (Toronto: Emond, 2018) at 457.
Ontario Assn of Architects v Assn of Architectural Technologists of Ontario, 2002 FCA 218 [*OAA*].

I. Healthward is not subject to a significant degree of governmental control

A. Healthward is not subject to sufficient government superintendence

[16] Government control is the weightier branch of the two-part test for public authority status. Past case law, such as *Canada (Registrar of Trade Marks) v Canadian Olympic Association*, offers guidance on possible indicia to be considered in this inquiry—such as government funding level and the level of government influence over the body’s decision-making process—but specific considerations vary according to factual context. The inquiry is contextual and flexible in nature.

Canada (Registrar of Trade Marks) v Canadian Olympic Assn, [1983] 1 FC 692 at paras 28–32, 139 DLR (3d) 190 [*Olympic*].

[17] The leading case on public authority status, *OAA*, continued an ongoing judicial trend of narrowing the range of bodies that can claim public authority status. In *OAA*, the Federal Court of Appeal held that the Association of Architectural Technologists of Ontario (AATO) was not a public authority. Its finding hinged on a lack of government superintendence over the AATO. In order to qualify as a public authority, the AATO would need to have a very high degree of government member integration in the makeup and decision-making body of its organization.

OAA, *supra* para 15 at para 62.

[18] That level of integration cannot be found in the HC/Healthward relationship. HC holds a minority position on Healthward’s board of directors, and its members are not integrated into Healthward’s organization. Further, HC has only consultatory, contract-based influence over Healthward’s activities. While a majority on the board of directors is not imperative, further integration of government representatives is typical of public authorities. HC/Healthward differs from the government/public authority relationship found in *Anne of Green Gables Licensing Authority v Avonlea Traditions Inc*, where government members were integrated into and wielded

substantial influence over the relevant public authority. In *Olympic*, government members were closely integrated with the Canadian Olympic Association (COA) and had a high degree of decision-making power over the COA. That is not appropriately analogous to the consultation and community identification role of the government with regard to Healthward. HC’s level of influence over Healthward does not support a finding of public authority status.

Anne of Green Gables Licensing Authority Inc v Avonlea Traditions Inc, [2000] OJ No 740 at para 170, 4 CPR (4th) 289 (Sup Ct).

B. Healthward is not sufficiently financially dependent on the government

[19] The Court of Appeal correctly held that Healthward’s contractual relationship with HC does not give rise to substantial government control. Although Healthward receives funding from HC, specific terms of the contract—including the claw-back provision and mutual right to termination—provide Healthward with a level of autonomy and flexibility that does not square with Coff J’s assertion that Healthward has “no practical choice but to comply with HC’s direction.”

Vaxco v Healthward Canada, 2020 CAIP 333 at para 8 [*Appeal*].
Vaxco v Healthward Canada, 20 TCCIP 1222 at para 19 [*Trial*].

[20] The Respondent respectfully disagrees with the Appellant’s suggested employer-employee relationship analogy. A sophisticated global charity that has alternative sources of funding, including a sizable endowment, cannot reasonably be analogized to an employee. The power dynamic is fundamentally different. To the extent that HC/Healthward could be reasonably analogized to an employer/employee relationship, it would be one in which both parties willingly enter a contract for mutual benefit and can terminate the contract under the negotiated terms.

Factum for the Appellant, Team 4A at para 27 [*Appellant Factum*].

[21] Furthermore, Healthward is capable of operating in Canada without its government funding and did so for at least one year prior to gaining its government contract. As a sophisticated global charity with multiple revenue streams and the strategic capability to successfully lobby the Federal

Government of Canada for a contract, Healthward is no doubt capable of seeking out alternative funding sources through grants, private donations, or other government funding initiatives.

II. Healthward’s potential to benefit the public interest should be weighed against its potential to harm the public interest

A. The public benefit branch of the test should be strengthened to prevent exploitation of the Trademarks Act

[22] While the public benefit branch of the test has traditionally been the more lenient of the two, the courts have narrowed it in an effort to ensure that it is more than a rubber-stamping process. Scholar Teresa Scassa aptly notes that it is “...difficult to imagine why a government would establish an entity that does not in some way operate for the benefit of the public.” Healthward’s benefit to the public through its delivery of vaccines and vaccine education is not in dispute. However, Healthward also has the potential to cause public harm and even to obstruct its own purported mandate of providing vaccines and vaccine education.

Teresa Scassa, *Canadian Trademark Law*, 2nd Ed (Toronto: LexisNexis, 2015) at ch 4, s 1.1.4 [*Canadian Trademark*].

[23] One potential solution would be judicial development of a balancing mechanism for weighing potential public benefit against potential public harm. The Court of Appeal expressed concern over the exploitative nature of Healthward’s relationship with Industries, specifically with regard to the “practice of licensing official marks to potentially gain competitive advantages in the marketplace.” Academics, lawyers, and judges have echoed the Court of Appeal’s concerns about the commercially motivated exploitation of the official mark regime. This commercial abuse also runs counter to the purpose of the official marks provision, which is actually to remove marks from commercial use:

...to remove...marks...from the field of trade or business. It is to preclude any person from capitalizing on any well known, respected public symbol 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...are deemed to be invested with respectability, credibility and other civic virtues. Section 9...ensures that these symbols do not become pawns of trade or proprietorship.

The Respondent respectfully disagrees with the Appellant's submission that *Techniquip* stands for the proposition that marks can be licensed without constraint. In fact, the court in *Techniquip* acknowledged licensing as one of the many privileges enjoyed by official marks holders, and cited it as a reason for which provisions concerning official marks and public authority status should be read narrowly.

Techniquip (FCA), [1999] FCJ No 1787 at para 13, 3 CPR (4th) 298 [*Techniquip* (FCA)] citing *Techniquip Ltd v Canadian Olympic Association*, [1998] FCJ No 280 at para 28, 80 CPR (3d) 225 [*Techniquip*].

[24] Pending successful legislative reform, further judicially drawn boundaries could serve to deter exploitative abuse of the official mark system. Vaxco, much like Industries, is a corporate entity committed to providing innovative vaccines to Canadian patients. It would obstruct important public health objectives if one commercial entity were able to exploit the public marks provision in order to squeeze a competitor out of the market and reduce Canada's vaccine supply.

Appeal, supra para 19 at para 9.

Janice M Bereskin & Christina Capone Settini, "Canada's Official Marks Regime: Officially Time for a Change" (2016) 106:5 Trademark Rep 992 at 993.

ISSUE 2: THE REGISTRAR ERRED IN REFUSING TO ALLOW VAXCO'S FLUSTOPPA & DESIGN TRADEMARK REGISTRATION GIVEN HEALTHWARD'S VALID OFFICIAL MARK.

[25] The Court of Appeal correctly applied the "so nearly resembling" analysis to the FLUSTOPPER and FLUSTOPPA & Design marks and held that the degree of similarity between the two marks is insufficient to trigger the prohibition on registration. The "so nearly resembling" analysis is a more stringent standard than the confusion analysis. This reflects the judiciary's attempt to balance the rights afforded to official mark holders with the public interest in

commercial trademark rights. Under this more stringent standard, FLUSTOPPA & Design does not so nearly resemble FLUSTOPPER as to be mistaken for it.

I. The correct legal test for comparing the marks is the “so nearly resembling” analysis

A. The “so nearly resembling” analysis imposes a stricter standard than the confusion analysis

[26] *Trademarks Act* subsection 9(1)(n)(iii) prohibits the adoption of any mark “consisting of, or so nearly resembling as to be likely to be mistaken for” any badge, crest, emblem or mark adopted and used by any public authority in Canada as an official mark for goods or services. The appropriate test, developed in *The Queen v Kruger* and affirmed in subsequent jurisprudence, is whether, upon first impression, a person familiar with the official mark but “...only having an imperfect recollection of any of [it], would likely be deceived or confused by the mark.”

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

The Queen v Kruger [1978], 44 CPR (2d) 135 at 139, [1978] TMOB No 109 [*Kruger*].

Parkinson Society Canada v Parkinson Society of Alberta, 2016 TMOB 154 at para 31, 2016 COMC 154 [*Parkinson*].

[27] The “so nearly resembling” test has a high threshold for success and requires the applicant’s mark to be nearly identical to the official mark. Unlike the confusion analysis, the test for resemblance is “carried out in the abstract” and does not consider the full range of contextual factors enumerated in *TMA* subsection 6(5). Analysis is limited to resemblance between the official mark and the applicant’s mark. Only *Trademarks Act* subsection 6(5)(e)—the degree of resemblance between the marks in appearance, sound, or in the ideas suggested by them—is relevant. While this factor may be considered, it may not be considered in concert with the other confusion factors enumerated in *Trademarks Act* subsection 6(5). As per *Parkinson*, the section 9(1)(n)(iii) test “differs from a standard confusion analysis such that in order to be successful there must be a likelihood that consumers will be mistaken as between the marks themselves not a likelihood that consumers will infer an association between the source of the goods or services.”

Kruger, supra para 26 at 139.
Canadian Trademark, supra para 23 at ch 4, s 1.9
Parkinson, supra para 26 at para 32.

[28] Consequently, I would respectfully disagree with the Appellant’s attempt to apply precedent from case law involving confusion analyses to the case at hand. For example, the Appellant cites from the confusion analysis in *Quality Program Services Inc v Canada*, where Southcott J noted with regard to *Trademarks Act* subsection 6(5)(e) that the two marks—“EMPOWER ME” and “emPOWERme” had a “high degree of resemblance”. However, it is critical to note that this was not where Southcott J’s analysis ended. Only after Southcott J had considered the nature of the services and nature of the trade, as well as the overall surrounding circumstances, did he conclude that the test for confusion had been met. The high degree of resemblance did not, on its own, lead to a conclusion of confusion, and would consequently not have met the higher threshold for “so nearly resembling”. In other circumstances, it may be appropriate to look to confusion analysis case law for guidance on how to interpret section 6(5)(e). For example, in *Parkinson*, the Registrar looked to *Masterpiece Inc v Alavida Lifestyles Inc* for guidance on the proper application of section 6(5)(e). The Registrar in *Parkinson* noted that the “preferable approach when comparing marks is to begin by determining whether there is an aspect of the trade-mark that is particularly striking or unique”. The Registrar was careful to isolate that section from the other factors in the confusion analysis.

Quality Program Services Inc v Canada, 2018 FC 971 at paras 50, 54.
Masterpiece Inc v Alavida Lifestyles Inc, 2011 SCC 27 at para 64 [*Masterpiece*].

II. The degree of resemblance between the marks is insufficient to trigger the prohibition on registration

A. The FLUSTOPPA & Design mark contains a distinguishing design element

[29] Examination of the degree of resemblance between the marks should begin at its most striking element (*Masterpiece*, *Parkinson*). The Court of Appeal correctly focused on the

“distinguishing effect of the [mark’s syringe] design component” as the major factor differentiating the mark from the official mark. It is well established that even a basic design component is sufficient to act as a distinguishing feature in the context of the “so nearly resembling” test. The syringe design in the FLUSTOPPA & Design mark acts as its distinguishing element.

Masterpiece, supra para 29 at para 64.
Parkinson, supra para 26 at para 22.

[30] In *Kruger*, slight differences in wording and the addition of a design element were material to the Registrar’s finding that the applicant’s mark—CANASPORT & Design—did not sufficiently resemble the “SPORT CANADA” official mark. The Respondent respectfully disagrees with the Appellant’s submission that the design element must be creative or distinctive in some way. No test for distinctiveness has been established for the design element. In *Kruger*, the design simply involved a circular outline and a maple leaf. The combination of that design and the slight change in wording—analogueous to the case at hand—were sufficient for a holding that the Applicant’s mark did not so nearly resemble the Opponent’s official mark as to be likely to be mistaken for it.

Kruger, supra para 26 at 139.

[31] Similarly, in *Parkinson Society Canada v Parkinson Society of Alberta* (“*Parkinson*”), while both marks suggested similar ideas—physical activity to support research for Parkinson’s disease—the visual differences between the parties’ marks provided a basis for distinguishment between them. Here, the mark and the official mark contain similar text suggesting a similar idea—flu prevention—but their visual elements are significantly different.

[32] Further support for design as a distinguishing element in the case of relatively similar text can be found in *City of Terrace v Canadian Pacific Phytoplankton Ltd.* In that case, the Applicant’s proposed trademarks included KERMODE WARRIOR & Design, which included an image of a

bear, and the Opponent’s official marks included KERMODE BEAR and KERMODEI BEAR. In spite of the closeness of the words and the Applicant’s use of a bear design in the context of the Opponent’s official “KERMODEI BEAR” official mark, the Registrar found that “this does not necessarily lead to an automatic conclusion that the marks would be likely to be mistaken for one another”. This case further demonstrates the high threshold of the “so nearly resembling” test.

City of Terrace v Canadian Pacific Phytoplankton Ltd, 2013 TMOB 156.

B. The FLUSTOPPA & Design mark contains a distinguishing spelling variant

[33] Only *Trademarks Act* subsection 6(5)(e)—the degree of resemblance between the marks in appearance, sound, or in the ideas suggested by them—is relevant. Combined with the distinguishing feature of the design element, the spelling variant and phonetic difference between the marks also serve to distinguish the two marks. FLUSTOPPER and FLUSTOPPA are sufficiently different in spelling as to be distinguishable, particularly when the pronunciation of the ending—an “er” versus “ah” phonetic effect—is taken into consideration.

[34] Healthward does not hold a monopoly on the beginning of the word. The Respondent respectfully disagrees with the Appellant’s submission that *Vancouver Community College v Vancouver Career College (Burnaby) Inc* stands for the proposition that the first portion of the mark must be its most relevant element. The *VCC* holding is at odds with Federal Court precedent established in *Canadian Council of Professional Engineers v APA – The Engineered Wood Assn* and can perhaps be distinguished on its specific facts. *VCC* concerned two holders of similar acronyms, with the Applicant attempting to use VCCollege, while the Opponent already held the VCC acronym official mark. The case at hand does not include an acronym.

Vancouver Community College v Vancouver Career College (Burnaby) Inc, 2016 TMOB 86 (aff’d 2017 BCCA 41) [*VCC*].

Canadian Council of Professional Engineers v APA – The Engineered Wood Assn, 2000 CarswellNat 1391 at para 70, [2000] FCJ No 1027 [*CCPE*].

[35] On this issue, I would direct the court toward *CCPE*. In *CCPE*, the Opponent claimed a monopoly over its “ENGINEER” official mark against the Applicant’s “THE ENGINEERED WOOD ASSOCIATION” trademark. Per *CCPE*, in order to have its registration refused, the proposed mark must be either identical to the official mark or so nearly resemble it so as to be likely to be mistaken for it. Containing part of the official mark—here, “FLUSTOPP”—is not insufficient to prohibit registration. Finally, the addition of FLUSTOPPA & Design’s design element further distinguishes it from the *VCC* scenario. In *CCPE*, the Federal Court found that this interpretation “maintains the great ambit of protection afforded to official marks, but stops short of conferring an absurdly great ambit of protection for official marks which Parliament cannot reasonably be taken to have contemplated.” Similarly, the protection granted to Healthward’s official mark should be limited to that which Parliament would have intended for it to have.

ISSUE 3: HEALTHWARD’S FLUSTOPPER OFFICIAL MARK DOES NOT PREVENT OR OTHERWISE RESTRICT VAXCO’S USE OF THE FLUSTOPPA TRADEMARK.

[36] Vaxco should be permitted to rely on user rights stemming from use of Vaxco’s unregistered FLUTOPPA mark and design (“its mark”) in Canada prior to January 2019. This allows for continued use of its mark in association with the classes of wares and services Vaxco previously used it with, namely medical clinic services for administering flu vaccines. The effect of an official mark’s protection is prospective from the date of public notice (*Allied*). Owners of marks adopted and used prior to this, whether registered or unregistered, have their rights frozen at that time, and may continue current uses without expansion (*Konica*). Thus, Vaxco ought to be able to continue use of its mark in relation to categories with established use prior to January 2019.

Canadian Olympic Association v Allied Corp, [1990] 1 FC 769 at para 8 [*Allied*].

Canadian Olympic Assn v Konica Canada Inc (1991), [1992] 1 FC 797 at paras 25–28 [*Konica*].

[37] Per section 4(2) of the *Trademarks Act*, “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”. Some

aspect of the services must be performed in Canada, and mere advertising of a service in Canada does not constitute use (*Hilton*). Vaxco does more than merely advertise their clinical vaccine services in Canada despite not operating a bricks and mortar clinic within Canada. Per s. 30(2)(a) of the *Trademarks Act*, the test for “use” of FLUSTOPPA in association with medical clinic services is whether those services were performed in Canada as they would be understood in their ordinary commercial terms from the perspective of the consumer and trademark owner (*Hilton*). Research and development; training; medical advice and information; distribution services online and in-store; and appointment booking services are all integral to running a vaccination clinic service, even if some of these activities are ancillary to the actual administering of the vaccination. “Services” are liberally interpreted and may include activities ancillary to the primary services identified (*Kraft*), as in *Hilton* where “reservation services” were included within the ambit of “hotel services” given their integral role in administering the primary service. Though some clinic services could only be performed in Vaxco’s US clinics, Canadians benefitted from access to clinical services in Canada via Vaxco’s website in the form of educational medical information about vaccines and Vaxco’s products, as well as an online paid appointment booking service to receive the vaccine at Vaxco’s US clinics (*Trial*). Online medical information, product information, and appointment reservation services do not strain the ordinary understanding of “medical clinic services”. Per *Orient-Express*, a broad interpretation of vaccination clinic services should include these ancillary services, with the vaccine administration being only one aspect.

Trademarks Act, *supra* para 26, s 4(2).

Miller Thomson LLP v Hilton Worldwide Holding LLP, 2020 FCA 134 at para 7 [*Hilton*].

Trademarks Act, *supra* para 26, s 30(2)(a): “the application shall contain a statement in ordinary commercial terms of the goods or services in association with which the trademark is used or proposed to be used”.

Hilton, *supra* para 37 at paras 86, 90.

Kraft Ltd v Canada (Registrar of Trade Marks) (1984), [1984] 2 FC 874 (Fed. TD) at paras 8–9 [*Kraft*].

Hilton, *supra* para 37 at paras 91–93.

Trial, *supra* para 19 at paras 5, 24–25.

Société Nationale des Chemins de Fer Français SNCF v Venice Simplon-Orient-Express (2000), [2000] FCJ No 1897 (Fed TD) at paras 8–10 [*Orient-Express*].

[38] As long as some members of the public in Canada receive a benefit, these activities constitute a service performed in Canada (*Kraft, Hilton*). Providing a service ancillary to the primary service can constitute performance of the primary service itself. In *TSA*, ancillary product information and store locator services on a website constituted use of retail store services in Canada despite a lack of bricks and mortar store locations, thereby benefitting Canadians. Thus, when Vaxco offers product and vaccine informational services and appointment booking services on its website, which prominently displays its mark, Vaxco is using its mark while performing medical clinic services in Canada, thereby satisfying section 4(2). The website offers benefits that can be enjoyed in Canada beyond the eventual administering of a vaccine, which Canadians accessed for research purposes and booking appointments upon deciding which products they preferred. Contrary to the Appellant's assertion, loyalty points were not determinative in *Hilton* given that the evidence could not definitively establish whether those benefits were enjoyed in Canada. Instead, hotel booking services were the determinative beneficial factor, much like Vaxco's appointment services. *Motel 6* provides that phone reservation services did not constitute use in Canada in association with motel services. *Hilton* asserts that *Motel 6* must be considered in light of modern technology. The meaning of services evolves over time, and given the ubiquity of the internet, the way clinic services are offered to consumers is evolving (*Hilton*), allowing for online booking of appointments from another country. Requirements for "use" must adapt to modern commercial practices (*Hilton*). Additionally, the facts at hand are distinguished from *Unicast* as Vaxco specifically targets Canadians at the border with physical access to its services. *Unicast* involved a foreign radio station trademark on a website passively accessed by Canadians. By contrast, Vaxco offers services directly to Canadian residents which are partially performed in Canada (*Clarifications*). Vaxco's website, billboard, and print advertising campaigns in Canada

along the border target and encourage Canadians to travel to the US for a vaccine. This demonstrates the interactivity between Vaxco and Canadian consumers that constitutes more than mere passive viewing of content.

Kraft, supra para 37 at para 9; *Hilton, supra* para 37 at para 115.
Heenan Blaikie LLP v Sports Authority Michigan Inc, 2011 FC 273, at paras 16–21 [*TSA*].
Trial, supra para 19, paras 24, 25.
Hilton, supra para 37 at paras 133–34.
Motel 6 Inc v No 6 Motel Ltd. (1981), [1982] 1 FC 638 (Fed. TD) at para 42 [*Motel 6*].
Hilton, supra para 37, at para 140.
Hilton, supra para 37, at para 141 citing David Bowden & Junyi Chen, "Canadian Trademark Law and 'Use' in the Computer and Internet Age" (2017) 33 C.I.P.R. 49 at 50-51.
Hilton, supra para 37 at para 142.
Unicast SA v South Asian Broadcasting Corp, 2014 FC 295 at paras 4 and 7 [*Unicast*].
IP Moot Committee, "2021 Harold G Fox Moot: Moot Problem Clarifications" at 48 [*Clarifications*].
Trial, supra para 19 at para 5.

[39] Evidence of Canadians accessing Vaxco’s website and booking vaccine appointments, alongside evidence showing that Canadians are targeted by Vaxco’s advertising in Canada establish use of a mark in Canada (*Hilton*). Determination of use in relation to services is factual in nature (*Gesco*), and the facts favour a finding of use in relation to services per section 4(2) prior to Healthward’s January 2019 public notice of its official mark. Thus, while Vaxco may not be able to register its mark, Vaxco should be permitted to continue using its mark in relation to vaccination clinic services, and such use does not constitute expansion of their rights.

Hilton, supra para 37 at paras 148, 150.
Gesco v Sim &McBurney, [2000] FCJ No. 1766 (Fed CA) at paras 5, 11 [*Gesco*].

[40] Per *Molson*, section 4(3) of the *Trademarks Act* requires that the goods or their packaging to which a mark is affixed in Canada “be sent out of Canada to another country in a commercial transaction” to be deemed use in relation to exported goods within Canada. Unlike section 4(1), s. 4(3) is not interpreted to require that the transaction be “in the normal course of trade”, and to do so would strain the plain wording of the section (*Molson*). For over 20 years, Vaxco has manufactured and distributed their vaccines using its mark, exporting their vaccines through Canada for sale in Europe (*Trial*). There is no evidence indicating its mark is removed from the

goods when sold via export. Export in the context of the *Trademarks Act* means “transported from Canada to another country in the course of trade” (*Molson*), which is exactly what Vaxco does in sending their goods to Europe. Per *Molson*, there is no reason why commercial export transactions shipped from Canada should not be deemed use in relation to goods in Canada under section 4(3).

Molson Cos v Moosehead Breweries Ltd. (1990), [1990] FCJP No 602 at paras 19–21, 35 [*Molson*].
Trademarks Act, *supra* para 26, s 4(3).
Trial, *supra* para 19 at para 4.

[41] *Riches*, though overturned (*Riches FCA*), states that where activities in Canada do not establish use of their trademark, a party cannot evade “use” requirements under the Act by exporting products to establish use under section 4(3). *Riches* involved a retail store that sold shirts at cost to their employees in Canada and the US which featured their mark. The Federal Court found that the promotional nature of the at-cost sales rendered this transaction outside the normal course of trade, thus failing to establish use of the mark in Canada under section 4(1). The court was reluctant to find use under section 4(3) where their Canadian sales did not constitute use per section 4(1). That said, the Federal Court of Appeal reversed this by finding use in relation to goods under section 4(1). Though overturned, if this remains good law, the facts at hand are distinguished because Vaxco facilitates wholesale commercial transactions via Canada to Europe as opposed to at-cost promotional transactions. Additionally, Vaxco’s Canadian pursuits establish use of their mark under section 4(2), meaning they do not export simply to evade regular use requirements. Thus, Vaxco should be permitted to continue wholesale distribution of their vaccines within Canada and through to other markets because it established use of its mark in Canada in relation to vaccines via export per section 4(3) prior to notice of Healthward’s official mark. Consequently, wholesale distribution of vaccines is not an expansion of Vaxco’s prior use rights. Regardless, Vaxco’s established use of clinical services in Canada would require shipments of

vaccines into Canada to Vaxco clinics, leaving little difference in outcome if use of its mark in relation to vaccines is not established.

Cosmetic Warriors Limited v Riches, Mckenzie & Herbert LLP, 2019 FCA 48 at para 42 [*Riches FCA*].
Riches, McKenzie & Herbert LLP v Cosmetic Warriors Limited, 2018 FC 63 paras 4, 25–26, 30 [*Riches*].
Trademarks Act, *supra* para 26, s 4(1).
Riches FCA, *supra* para 43 at para 42.

[42] Finally, the appellant’s argument leads to a logical inconsistency in arguing that Vaxco is passing off their official mark and in requesting an injunction. They argue that Vaxco’s activities in Canada preceding notice of Healthward’s official mark do not constitute “prior use” in the ordinary course of business per section 4 of the *Trademarks Act*. If these actions do not constitute Vaxco’s “use” of its mark, then they do not constitute infringement. An injunction therefore cannot enjoin them, and Vaxco may continue to use its mark in the ways established prior to notice.

ISSUE 4: SHOULD THE COURT REFUSE TO ISSUE AN INJUNCTION ENJOINING VAXCO’S USE OF ITS MARK?

[43] The Court of Appeal’s discretionary decision not to grant an equitable remedy of injunction against Vaxco’s use of its mark in Canada should be upheld. The harm that would befall Healthward if a permanent injunction were not granted would be compensable through damages. Hence, it cannot properly be classified as irreparable harm (*Turbo*). If Vaxco were to continue use of its mark in Canada in association with vaccines and medical clinic services, Healthward could potentially experience a drop in patronage at their free vaccine clinics. Given their service of remote, underserved communities, this may not come to fruition. Regardless, Healthward’s licensing profits could be recouped through monetary damages. Per *See Magazine*, “an injunction cannot be used to do what money will properly do”. While the above cases concern interlocutory rather than permanent injunctions, injunctions are extraordinary remedies (*Kun*), and thus should only be granted when other remedies do not suffice.

Turbo Resources Ltd v Petro Canada Inc, [1989] FCJ No 14 at para 28 [*Turbo*].
See Magazine Inc (Receiver and Manager of) v Vue Weekly, [1995] AJ No 993 at para 19 [*See Magazine*].

Kun Shoulder Rest Inc v Joseph Kun Violin and Bow Maker Inc, [1999] FCJ No 473 at para 5 [*Kun*].

[44] The effect of a permanent injunction would also harm the Canadian public. Healthward aims to increase education on and ubiquity of vaccination in Canada (*Trial*). This injunction would enjoin Vaxco, a significant competitor, from entering the market under its well-established tradename and disincentivize its market entry. Canadians would be left with fewer flu vaccine options, thereby lowering the number of available vaccines, as well as opportunities for vaccination education. Healthward's injunction directly contradicts the public health goals that their mandate purportedly seeks to achieve, thereby harming the population that they set out to serve. Thus, the court should not exercise its discretion to grant an injunction against Vaxco.

Trial, *supra* para 19 at para 2.

SUMMARY

[45] Healthward does not qualify as a public authority, thus it cannot hold a valid official mark. Even if Healthward is granted public authority status and its FLUSTOPPER mark is recognized as a valid official mark, Vaxco is entitled to register its FLUSTOPPA & Design trademark, because it does not so nearly resemble Healthward's FLUSTOPPER mark as to likely be mistaken for it. Therefore, Healthward's attempt to inappropriately leverage the official marks provision to improperly impede competition must fail.

[46] In the event that Healthward's official mark is valid, their official mark should not impede Vaxco from continuing use of its mark in relation to the rights of use conferred by the prior use of its trademark in relation to vaccination clinic services under section 4(2) and vaccine products under section 4(3). This case does not create an appropriate circumstance for granting an injunction due to policy concerns implicating the Canadian public, as well as the fact that the potential harms are purely pecuniary in nature. Thus, the court should refrain from granting a permanent injunction.

PART V – ORDER REQUESTED

[47] The Respondent respectfully requests that this appeal be dismissed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

[48] Dated this twenty-sixth day of January, 2021.

PART VI – TABLE OF AUTHORITIES

JURISPRUDENCE	PINPOINT(S)
<i>Anne of Green Gables Licensing Authority Inc v Avonlea Traditions Inc</i> , [2000] OJ No 740, 4 CPR (4th) 289 (Sup Ct).	170
<i>Canada (Registrar of Trade Marks) v Canadian Olympic Assn</i> , [1983] 1 FC 692 at paras, 139 DLR (3d) 190 [<i>Olympic</i>].	28–32
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<i>Heenan Blaikie LLP v Sports Authority Michigan Inc.</i> , 2011 FC 273 [<i>TSA</i>].	16–21
<i>Kraft Ltd v Canada (Registrar of Trade Marks)</i> (1984), [1984] 2 FC 874 (Fed TD) [<i>Kraft</i>].	8–9
<i>Kun Shoulder Rest Inc v Joseph Kun Violin and Bow Maker Inc</i> (1999), [1999] FCJ No 473 [<i>Kun</i>].	5
<i>Masterpiece Inc v Alavida Lifestyles Inc</i> , 2011 SCC 27 [<i>Masterpiece</i>].	64
<i>Miller Thomson LLP v Hilton Worldwide Holding LLP</i> , 2020 FCA 134 [<i>Hilton</i>].	7
<i>Molson Cos v Moosehead Breweries Ltd.</i> (1990), [1990] FCJP No 602 [<i>Molson</i>].	19–21, 35
<i>Motel 6 Inc v No 6 Motel Ltd</i> (1981), [1982] 1 FC 638 (Fed. TD) [<i>Motel 6</i>].	42
<i>Ontario Assn of Architects v Assn of Architectural Technologists of Ontario</i> , 2002 FCA 218 [<i>OAA</i>].	62
<i>Parkinson Society Canada v Parkinson Society of Alberta</i> , 2016 TMOB 154 at para 31, 2016 COMC 154 [<i>Parkinson</i>].	22, 31–32
<i>The Queen v Kruger</i> [1978], 44 CPR (2d) 135, [1978] TMOB No 109 [<i>Kruger</i>].	139
<i>Quality Program Services Inc v Canada</i> , 2018 FC 971	50, 54
<i>Riches, McKenzie & Herbert LLP v Cosmetic Warriors Limited</i> , 2018 FC 63 [<i>Riches</i>].	4, 25–26, 30
<i>See Magazine Inc (Receiver and Manager of) v Vue Weekly</i> (1995), [1995] AJ No 993 [<i>See Magazine</i>].	19
<i>Société Nationale des Chemins de Fer Français SNCF v Venice Simplon-Orient-Express</i> (2000), [2000] FCJ No. 1897 (Fed TD) [<i>Orient-Express</i>].	8–10

<i>Techniquip</i> (FCA), [1999] FCJ No 1787 at para 13, 3 CPR (4th) 298 [Techniquip (FCA)] citing <i>Techniquip Ltd v Canadian Olympic Association</i> , [1998] FCJ No 280, 80 CPR (3d) 225 (FCTD) [Techniquip].	28
<i>Turbo Resources Ltd v Petro Canada Inc</i> [1989] FCJ No 14 [Turbo].	28
<i>Unicast SA v South Asian Broadcasting Corp.</i> , 2014 FC 295 [Unicast].	
<i>Vancouver Community College v Vancouver Career College (Burnaby) Inc</i> , 2016 TMOB 86 (aff'd 2017 BCCA 41) [VCC].	
LEGISLATION	PINPOINT(S)
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SECONDARY MATERIALS	PINPOINT(S)
Janice M Bereskin & Christina Capone Settimi, "Canada's Official Marks Regime: Officially Time for a Change" (2016) 106:5 Trademark Rep 992.	993
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Teresa Scassa, <i>Canadian Trademark Law</i> , 2nd Ed (Toronto: LexisNexis, 2015)	Ch 4, s 1.1.4, 1.9
OTHER MATERIALS	PINPOINT(S)
<i>Factum for the Appellant, Team 4A</i> [Appellant Factum]	27
IP Moot Committee, "2021 Harold G Fox Moot: Moot Problem Clarifications" [Clarifications].	48
<i>Vaxco v Healthward Canada</i> , 20 TCCIP 1222 [Trial].	19
<i>Vaxco v Healthward Canada</i> , 2020 CAIP 333 [Appeal].	2, 8