

THE LANDSCAPE OF OFFICIAL MARKS IN CANADA: SOME GENERAL VIEWS

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I. GENERAL TRENDS AND OBSERVATIONS IN THE CASE LAW

Official Marks have been the subject of controversy and debate, particularly in relation to s. 9(1)(n) of the *Trade-marks Act*, which has been referred to by one commentator as an “unjustifiable aberration creating unconscionably broad rights in special class persons.”¹

The judiciary has gradually, but considerably, narrowed the scope of the provision in terms of the meaning of “public authority” and the protection afforded to Official Marks. Arguably, recent Federal Court decisions refusing to read s. 9(1)(n)(iii) in an expansive manner balance Parliament’s intent to protect the symbols of respected organizations with the public interest in promoting fair competition.² On the other hand, one could argue that legislative protections due to Official Marks should not be unduly circumscribed, whether in traditional or online settings.

As described by Colin P. MacDonald in “*Official Marks: Are there any Limits to this Branding Power?*”³ the initially expansive interpretations of s. 9(1)(n)(iii) have been greatly narrowed by the courts. A review of recent case law at the Trade-marks Opposition Board, Federal Court, and British Columbia Court of Appeal suggests that this trend, of curtailing the expansive branding power provided to Official Marks, continues.

The substantial limits placed on the scope of Official Mark protection include: (i) the limited scope of what qualifies as a public authority; (ii) the requirement that an entity provide sufficient evidence to prove its status as a public authority (*Ecosmart Foundation Inc. v S.J. Electro Systems Inc*, 2012 TMOB 104); (iii) the high degree of similarity required visually, as well as in sound and ideas suggested, between the Mark (BEAVER ED) and Official Mark (BEAVERS) for an opposition to be successful (*Scouts Canada v New Papp International Inc*, 2011 TMOB 33); and (iv) the scope of protection for an Official Mark (ICBC) may be tempered on the internet (*ICBC v Stainton Ventures Ltd.*, 2014 BCCA 296).

Official Marks and the Internet User

In *ICBC v Stainton Ventures Ltd. supra*, the British Columbia Court of Appeal confirmed that it was neither a violation of the *Trade-marks Act* nor passing-off for a defendant to create a webpage or Internet domain that paired the ICBC Official Mark with the word “advice” (i.e. ICBCadvice.com). The Insurance Corporation of British Columbia argued that the defendant’s website—which was operated by a law practice giving advice to potential insurance claimants—used the ICBC Official Mark without authorization. In finding against ICBC, the Court of Appeal relied on website disclaimers as well as the profile of the Internet user visiting the website:

[37] *I am unable to accept this argument as it fails to give the “relevant consumer”, i.e., an Internet user, credit for even the most basic understanding of the function of a domain name. Even though there is some resemblance between ICBCadvice.com and ICBC’s family of marks, the average Internet user with an imperfect recollection of ICBC’s marks would not likely be mistaken by the domain name. They understand, for example, that a domain name which, in part, contains the name of a business or its acronym will not necessarily be affiliated with or endorsed by that business and may, instead, be the subject matter of the*

¹ R. Brant Latham, “Explosion of Section 9(1)(n) Notices” (1985) PTICR 74, at 1.

² Donald M. Cameron, “Canadian Trade-mark Law Benchbook” (Toronto: Carswell, 2012) at 473.

³ Colin P. MacDonald, “Official Marks: Are there any Limits to this Branding Power?” (2003) 17 IPJ 83 (WL).

*website or entirely unrelated to that business. As well, they understand that it is necessary to view a website to determine whose site it is. ...*⁴

Canadian Public Authority

It is now established that what constitutes a “public authority” for the purposes of s. 9 must be subject to **Canadian** governmental control. There should be no protection or Official Mark privilege granted to public authorities that are controlled by foreign governments (*Ontario Association of Architects v Association of Architectural Technologists of Ontario*, 2002 FCA 218; *United States Postal Service v Canada Post Corporation*, 2007 FCA 10; *Maple Leaf Foods Inc. v Consorzio del Prosciutto di Parma*, 2012 FC 416 at para 26).⁵

A more detailed discussion of the public authority test is set out below.

Special Status of Canada Post

Canada Post is granted special status and expansive rights and protection over its Official (and regular) Marks by virtue of its enabling statute, the *Canada Post Corporation Act* (“CPC Act”). The statute effectively grants Canada Post a monopoly over mail transmission services, and the ability to oppose anyone who attempts to register trade-marks similar to, or even *suggesting*, those of Canada Post (*Canada Post Corp v Deutsche Post AG*, 2011 TMOB 210 (CanLII); *Canada Post Corp v RPost International Ltd*, 2009 CanLII 90478).

This follows from s. 58 of the CPC Act, which states:

58. (1) Every person commits an offence who, without the written consent of the Corporation, places or permits or causes to be placed or to remain on his premises the words “post office” or any other word or mark suggesting that such premises are a post office or a place for the receipt of letters.

(2) Every person commits an offence who, without the written consent of the Corporation, places on any thing any word or mark suggesting that the thing

(a) has been duly authorized or approved by the Corporation;

(b) is used in the business of the Corporation; or

(c) is of a kind similar or identical to any thing used in the business of the Corporation. [emphasis added]

⁴ Counsel for ICBC, Karen MacDonald, has commented: “Hopefully this decision will be limited to its specific facts and given a narrow interpretation, both with respect to its application to official marks and passing-off, as otherwise it potentially has broad reaching implications which would significantly affect not only official mark owners but also general trademark owners in the context of domain names and trademark use on the Internet, where initial confusion may be rampant but easily remedied by “research” in the form of a click of the mouse.” <http://www.slaw.ca/2014/08/31/summaries-sunday-onpoint-legal-research-19/>

⁵ Previously, in *Canada Post Corp v The Post Office*, [2001] 2 FC 63 at paras 39 to 64, Tremblay-Lamer J. had allowed a non-Canadian body, a British postal authority, to take advantage of s. 9 protection, provided that the Official Mark had been used by that body in Canada.

The threshold for resemblance under s. 9(1)(d) of the *Trade-marks Act* is thus lower in the case of Canada Post; all that is required is a “suggestion” that an applicant’s wares and services are authorized by Canada Post (*Société Canadienne des Postes v Postpar Inc.* (1988), 20 CIPR 180 (Que SC) at pg 224; *Canada Post Corp v Deutsche Post AG*, 2011 TMOB 210 at paras 217, 224).

Despite Canada Post’s special status under its enabling statute, the Opposition Board emphasized in *Canada Post Corp v RPost International Ltd*, 2009 CanLII 90478 (CA TMOB) that Canada Post should receive the same treatment as others respecting interlocutory requests in opposition proceedings.

Assignment/Licensing of Official Marks

It appears that Official Marks may be assigned, provided that an assignee is a person entitled to own such marks (i.e. a “public authority”). However, the status of the assignee as a not-for-profit corporation alone would not render it a public authority (see *Heritage Canada Foundation v New England Business Service Inc.*, (1997), 78 CPR (3d) 531 (TMOB); *Big Sisters Association of Ontario and Big Sisters of Canada v Big Brothers of Canada* 1997 CanLII 16918 (FC), aff’d 1999 CanLII 8094 (FCA); and *Canadian Jewish Congress v Chosen People Ministries Inc and The Registrar of Trade-marks*, 19 CPR (4th) 186 (FCTD), aff’d 27 CPR (4th) 193 (FCA)).

In *Ecosmart Foundation Inc v SJ Electro Systems Inc*, 2012 TMOB 104, the Opposition Board prevented a not-for-profit entity from opposing a trade-mark on the basis of its purported rights in an Official Mark (ECOSMART). This occurred because there were doubts as to the validity of an alleged assignment of the Official Mark from the public authority to the non-profit entity. The non-profit entity had failed to provide evidence relating to its status as a public authority, and therefore could not prove its rights to the Official Marks. This case confirms the importance of presenting sufficient evidence of public authority status when relying on an Official Mark.

Along the same lines, in *City of Terrace and KITASOO Band Council v Urban Distilleries Inc.*, 2014 FC 833, the Court held an Official Mark to be unenforceable by a municipality and band council, such entities sharing use of the same Official Mark (SPIRIT BEAR) through a licensing agreement. This was due to lack of evidence showing “use” of the Official Mark by those entities in association with their respective wares or services (as of the relevant dates in question).

II. DISCUSSION OF “PUBLIC AUTHORITY” IN THE CASE LAW

The term “public authority” for the purposes of section 9 is not expressly defined in the *Trade-marks Act*. It has, however, been the subject of significant judicial consideration and interpretation.

The Federal Court of Appeal has created a two-part test consisting of (i) government control and (ii) public benefit (*Ontario Assn of Architects v Assn of Architectural Technologists of Ontario*, 2002 FCA 218 at paras 47 to 76, leave to appeal to SCC dismissed, [2002] SCCA No. 316, March 27, 2003; see also *Canadian Jewish Congress v Chosen People Ministries Inc*, 2002 FCT 613 at paras 52 to 59, aff’d 2003 FCA 272 and *Council of Natural Medicine College of Canada v College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia*, 2013 FC 287 at para 35).

This test was adapted from an earlier three-part test set out by the Federal Court of Appeal in *Registrar of Trade Marks v Canadian Olympic Assn*, [1983] 1 FC 692. This earlier test required

that an entity: (i) be under a duty to the public; (ii) be subject to a significant degree of governmental control; and (iii) be required to dedicate any profit earned for the benefit of the public, rather than for private benefit. These three parts are now subsumed in the two-part government control and public benefit test.

Government control requires some ongoing regulation of the activities of the body by the government directly or through its nominees.⁶ In *Ontario Association of Architects, supra* at paragraphs 60-62, the Federal Court of Appeal considered government supervision of a self-regulated professional body which would satisfy the public control test. The Court remarked that the simple fact that a body is statutorily created or that its objects and powers may be amended unilaterally by the government does not constitute sufficient “government control”. Rather, the following powers, when exercised by the Lieutenant Governor in Council or appropriate minister, constituted an adequate degree of government control:

1. The power to review the activities of the body;
2. The power to request that the body undertake necessary and desirable activities to implement the intent of its enabling legislation;
3. The power to advise the body on the implementation of the statutory scheme;
4. The power to approve the exercise of the body’s regulation-making; and
5. The power to appoint members to the board and various committees.

These indicia are not exhaustive; moreover, the presence or absence of any one factor is not determinative. The Federal Court of Appeal has emphasized that the analysis will be highly contextual (*Ontario Association of Architects, supra*; see also *Council of Natural Medicine College of Canada, supra* at para 38).

Various other observations from the case law are noted below.

Under the original three-part test, public duty required that the organization benefit the public, in the sense that any profit earned benefited the public, rather than private shareholders (*Registrar of Trade Marks v Canadian Olympic Assn, supra*). This did not necessarily mean a benefit to the public at large; rather, a benefit to members of an organization could be sufficient. Urie J.A., also in *Registrar of Trade Marks v Canadian Olympic Assn, supra*, had remarked that the public duty requirement was not entirely crucial to a body being considered a public authority (at para 24):

...the necessity for finding...obligations or duties to the public is not necessarily determinative of whether or not the public body is a public authority.

More recently, under the reformulated two-part test, the Federal Court has noted that a body need not agree with all aspects of government policy to be classified as a “public authority” (*Council of Natural Medicine College of Canada, supra* at para 41).

⁶ (Justice) Roger T. Hughes, *Hughes on Trade Marks*, 2nd ed, Publication 5909, Release 39 (Markham, Ontario: LexisNexis Canada, 2014) at 641.

The Federal Court has not necessarily followed these tests strictly or mechanically, but has also applied them more generally (*Magnotta Winery Corp v Vintners Quality Alliance*, 2001 FCT 1421 (CanLII)).

A professional organization that is not a regulatory body, but which simply campaigns or lobbies with various entities, including the government, is not a public authority. Furthermore, the mere presence of employees of provincial regulatory bodies on the executive council of an organization does not make it a public authority for the purposes of s. 9 (*College of Chiropodists of Ontario v Canadian Podiatric Medical Assn*, 2004 FC 1774 at para 91).

The Ontario Courts found that a licensing company jointly owned by the government of Prince Edward Island and private individuals was a “public authority” due to the degree of government control (*Anne of Green Gables Licensing Authority Inc v Avonlea Traditions Inc*, [2000] OJ No 740, 4 CPR (4th) 289).

In *Big Sisters Assn of Ontario v Big Brothers of Canada*, [1997] FCJ No 627, at paras 56-59, the Federal Court determined that the publication of a notice in the *Trade-marks Journal* under s. 9 did not automatically establish that an entity was (or is) a public authority. In this case, the court also distinguished between a public authority and a body that merely does “public good”.

III. BILL C-611 AND PUBLIC AUTHORITIES

Bill C-611, *An Act to amend the Trade-marks Act (public authority)*, was introduced in the House of Commons for first reading on June 9, 2014. The Summary of the bill indicates its intent to “clarify the circumstances in which public notice is given of an official mark having been adopted and used by a public authority”.

The bill proposes the following definition of “public authority” be added to the *Trade-marks Act*:

“public authority” means a body that has a duty to act in the public interest and is under significant control and supervision of any level of government in Canada, to the degree that the government exercises ongoing influence over the body’s governance and decision-making.

The bill also proposes a process by which a statement of objection may be filed within three months after the Registrar has given public notice of the adoption and use of an official mark. The objection may be based on various grounds including:

- The mark has not been adopted or used in Canada by the public authority;
- The body that requested the Registrar to give public notice is not a public authority;
- The granting of the official mark does not serve the public interest.

Appendix I: Excerpts from Trade-marks Act

s. 9(1)(d) Prohibited Marks

9(1) No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for,...

(d) any word or symbol likely to lead to the belief that the wares or services in association with which it is used have received, or are produced, sold or performed under, royal, vice-regal or governmental patronage, approval or authority;

s. 9(1)(n)(iii) Prohibited Marks

9(1) No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for,...

(n) any badge, crest, emblem or mark...

(iii) adopted and used by any public authority, in Canada as an Official Mark for wares or services, in respect of which the Registrar has, at the request of Her Majesty or of the university or public authority, as the case may be, given public notice of its adoption and use;

s. 12(1)(e) Registrable Trade-marks

12(1) Subject to section 13, a trade-mark is registrable if it is not...

(e) a mark of which the adoption is prohibited by section 9 or 10;

s. 38(2) Statement of Opposition: Grounds

(2) A statement of opposition may be based on any of the following grounds:

(a) that the application does not conform to the requirements of section 30;

(b) that the trade-mark is not registrable;

(c) that the applicant is not the person entitled to registration of the trade-mark; or

(d) that the trade-mark is not distinctive.