

500-09-024419-145

QUÉBEC COURT OF APPEAL

(Montréal)

On appeal from a judgment of the Superior Court, District of Montréal,
rendered on April 9, 2014 by the Honourable Justice Michel Yergeau.

No. 500-17-074083-125 S.C.M.

PROCUREURE GÉNÉRALE DU QUÉBEC

APPELLANT
(Defendant)

v.

**MAGASINS BEST BUY LTÉE
COSTCO WHOLESALE CANADA LTD.
GAP (CANADA) INC.
OLD NAVY (CANADA) INC.
CORPORATION GUESS? CANADA
LA COMPAGNIE WAL-MART DU CANADA
TOYS "R" US CANADA LTÉE
CURVES INTERNATIONAL, INC.**

RESPONDENTS
(Plaintiffs)

- and -

**CONSEIL CANADIEN DU COMMERCE DE DÉTAIL
INTERNATIONAL TRADEMARK ASSOCIATION**

(Intervenors)

**FACTUM AND SCHEDULES OF THE INTERVENER
INTERNATIONAL TRADEMARK ASSOCIATION**

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ARGUMENT OF THE INTERVENER
INTERNATIONAL TRADEMARK ASSOCIATION

INTRODUCTION

1. The International Trademark Association (“INTA”) was founded in 1878 and is now widely regarded as the world’s leading organization focused on matters of trademark law. It is a not-for-profit association of more than 6,400 members consisting of trademark owners, trademark professionals and academics from more than 190 countries.¹
2. Its members include several foreign companies from various fields of activities that do business across Canada, including in the province of Québec (e.g.: Tiffany & Co., Foot Locker, Inc., Apple Inc., Target Corporation, FedEx Corporation, etc.) but also over 150 Canadian and Québec-based companies which are also doing business outside of Canada, including Molson Coors, Bombardier Aerospace, MEGA Brands Inc., IMAX Co., Suncor Energy Inc., etc.
3. INTA has substantial expertise in international and national trademark law and has participated as a friend of various courts (including the Supreme Court of Canada) in trademark cases of significance. INTA has participated through *amicus* briefs and similar filings in over 30 cases around the world in the last 10 years alone.²

¹ Declaration of intervention of the International Trademark Association, filed on March 15, 2013 in the Superior Court (“Declaration of intervention”), para. 12 [**Appellant’s Factum (“A.F.”), annex II, vol. 1, p. 113**]; Affidavit of Bruce Joseph Macpherson, sworn April 10, 2013 (“Macpherson Aff.”), para. 2 [**Intervener’s Factum (“I.F.”), annex III, p. 87**]; INTA’s membership has grown from 5,900 members at the time the Declaration of intervention was filed in March 2013 to 6,400 members today.

² Declaration of intervention, para. 17 [**A.F., annex II, vol. 1, pp. 114-116**]; Macpherson Aff., para. 2 [**I.F., annex III, p. 87**]; this includes, for instance, intervener briefs filed in the Supreme Court of Canada in: *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27 (brief filed October 21, 2010); *Veuve Clicquot Ponsardin v. Boutiques Cliquot Itée*, 2006 SCC 23 (brief filed July 4, 2005); several *amicus curiae* briefs filed in the Supreme Court of the United States, including in: *B & B Hardware, Inc. v. Hargis Industries, Inc.* (brief filed in

4. INTA intervened in the present proceedings at first instance and is now participating in the appeal brought by the *Office québécois de la langue française* (the “OQLF”) for two main reasons:
- (a) With its recent interpretation of the *Charter of the French language*³ and the *Regulation respecting the language of commerce and business*⁴, the OQLF (and the Appellant) are confusing the very fundamentally distinct notions of trademarks and trade names, basic notions recognized across Canada and elsewhere, including in the province of Québec. This serious misunderstanding of the difference in nature and function between these two different legal concepts which are subject to distinct legal regimes could have severe consequences far-beyond the direct application of the *French Charter* to the Respondents in the present case; and
 - (b) In the context where commerce has been increasingly globalized over the last few decades and where businesses have, as a result, been using the same trademarks around the world, it has never been more important for trademark owners to scrupulously maintain the integrity of these trademarks in all countries where they are doing business. Yet, the OQLF’s interpretation of the *French Charter* and *Regulation* is a dangerous impediment to this cardinal principle of trademark law whereas national legislation, including the Canadian *Trademarks Act*,⁵ as well as international treaties, are all designed to protect the integrity of trademarks.

2014); *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.* (brief filed May 21, 2014); *Pom Wonderful v. The Coca-Cola Company* (brief filed March 3, 2014); *Lexmark International Inc. v. Static Control Components, Inc.* (brief filed October 17, 2013); briefs of *amicus curiae* filed in cases before the European Court of Justice, including in *Voss of Norway ASA v. OHIM* (brief filed April 25, 2014); and several others similar submissions around the world (see: <http://www.inta.org/Advocacy/Pages/Amicus.aspx>).

³ *Charter of the French Language*, CQLR c. C-11 (“*French Charter*”) [I.F., **annex II, pp. 88 and ff.**]

⁴ *Regulation respecting the language of commerce and business*, CQLR c. C-11, r. 9 (“*Regulation*”) [I.F., **annex II, pp. 130 and ff.**]

⁵ *Trade-marks Act*, RSC 1985, c. T-13 (“*Trademarks Act*”) [I.F., **annex II, pp. 135 and ff.**].

PART I – FACTS

5. Insofar as the particular facts of the present case are concerned, INTA refers to and relies on the detailed and thorough review of said facts made by the honourable justice Michel Yergeau (the “Judge”) in the judgement rendered on April 9, 2014 (the “Judgment”)⁶ as well as the parties’ submissions in this appeal.

⁶ Jugement de l’honorable juge Michel Yergeau, dated April 9, 2014 (“Judgment (FR)”) [**A.F., annex I, vol. 1, pp. 31-88**]; Unofficial English translation of the Judgment of the honourable justice Michel Yergeau, dated April 9, 2014 (“Judgment (ENG)”) [**I.F., annex I, pp. 31 and ff.**].

PART II – ISSUES IN DISPUTE

6. The Appellant refers in its Factum to two distinct issues in dispute in this appeal as well as various errors allegedly made by the Judge in interpreting the relevant provisions of the French Charter and the Regulation.⁷
7. However, when both the Judgment⁸ and the Appellant's Factum⁹ are read as a whole, it is respectfully submitted that it all boils down to a simple question:

Do non-French recognized trademarks also qualify as “firm names” (“*noms*”) pursuant to Art. 27 of the *Regulation* when they are displayed on storefront signs (without a French version being registered) such that French generic language must be added, notwithstanding the trademark exception provided for at Art. 25(4) of the *Regulation*?

8. No matter which angle this question is looked at or the arguments raised by the Appellant, which have all already been canvassed and carefully considered by the Judge in the Judgment, the inescapable conclusion is the same: “the situation could not be clearer.”¹⁰

The wording is clear. The [French] Charter permits the public posting of trade-marks regardless of the language of the words that constitute them in the cases set out in subsection 25(4) of the Regulation.¹¹

⁷ Appellant's Factum, see e.g. paras. 22-27 [A.F., vol. 1, pp. 5-8].

⁸ Judgment (FR), see e.g. paras. 9 and 150 [A.F., annex I, vol. 1, pp. 34, 61].

⁹ Appellant's Factum, see e.g. paras. 81-82, 91-92 [A.F., vol. 1, pp. 22, 24].

¹⁰ Judgment (ENG), para. 132, see also paras. 198, 258 [I.F., annex I, pp. 57, 70 and 82].

¹¹ Judgment (ENG), para. 147 [I.F., annex I, p. 59].

PART III – ARGUMENTS

A) NO LEGAL SUPPORT FOR THE APPELLANT’S INTERPRETATION

(i) Trademarks and trade names: two fundamentally different notions

9. It is readily apparent from the Appellant’s arguments that the OQLF is purposively seeking to confuse and conflate the notions of trademarks and firm names (or trade names) in order to thwart the practical effect of the trademark exception of Art. 25(4) of the *Regulation*.¹²
10. At the outset of its Factum, the Appellants starts by confusing the issue as follows:

L’affichage public des noms d’entreprises sur la façade des commerces pour les identifier a pour objectif d’assurer la qualité et le rayonnement de la langue française en préservant le visage français [...]¹³

11. However, the Judge considered at length the very same arguments made by the Appellant at first instance but rejected those arguments, concluding, as argued by the Respondents and INTA, that trademarks and firm names (or trade names) are two fundamentally distinct notions:

To accept the Attorney General's interpretation of these legislative provisions would first require that the name of an enterprise and a trade-mark be considered synonyms, when they are in fact two distinct legal notions. In the Attorney General's view, to publicly post a trade-mark is to post the name of an enterprise, thus giving rise to the obligation to add a French-language generic term to comply with section 63 of the [French] Charter. The Court cannot support this submission.¹⁴

¹² See e.g. Appellant’s Factum, paras. 69, 72, 73, 77 and 102 [A.F., vol. 1, pp. 18-21, 26] where the Appellant is attempting to conflate the issue.

¹³ Appellant’s Factum, paras. 1-2 [A.F., vol. 1, p. 1]

¹⁴ Judgment (ENG), para. 246, see also e.g. para. 107 [I.F., annex I, pp. 80 and 51].

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12. The “name of an enterprise” (“*nom de l’entreprise*”) or trade name (“*nom commercial*”), that is, respectively the “firm name” under which a business is incorporated and the name under which a business might also be operating, all serve to identify and distinguish the business (or “*fonds de commerce*”) from others.
13. As noted by the Appellant, it is clear from the relevant provisions of the *Civil Code of Québec*, that the notion of name referred to therein, either the name under which a business is constituted (Art. 305 C.C.Q.) or the trade name under which a business may engage in activities or identify itself (Art. 306 C.C.Q.), is used to identify and distinguish the business itself:

305. Every legal person has a name which is assigned to it when it is constituted, and under which it exercises its rights and performs its obligations.

It shall be assigned a name which conforms to law and which includes, where required by law, an expression that clearly indicates the juridical form assumed by the legal person.

306. A legal person may engage in an activity or identify itself under a name other than its own name. It shall give notice to the enterprise registrar by filing a declaration to that effect in accordance with the Act respecting the legal publicity of enterprises (chapter P-44.1) and, if the legal person is a syndicate of co-owners, apply for the registration of such a notice in the land register.

14. Further, as noted by the Judge, the notion of “trade name” in the *Trademarks Act* refers to the same concept:

“trade-name” means the name under which any business is carried on, whether or not it is the name of a corporation, a partnership or an individual;¹⁵

¹⁵ *Trademarks Act, supra*, s. 2 [I.F., **annex II, p. 136**]; Judgment (FR), see para. 169 [A.F., **annex I, vol. 1, p. 65**].

15. As such, two businesses should normally not share or use the same name as this would simply make it impossible for this name to properly fulfill its function of identifying and distinguishing a specific enterprise. In the province of Québec, businesses are prohibited from declaring on the Enterprise register and using a name that is “*confusingly similar*” (*i.e.*, more or less identical) to a name used in Québec by another person.¹⁶
16. On the other hand, a trademark is used for the purpose of distinguishing products or services offered by a business from those offered by other businesses.¹⁷ The function of a trademark is well explained by Mr. Justice Binnie in these words:

Merchandising has come a long way from the days when “marks” were carved on silver goblets or earthenware jugs to identify the wares produced by a certain silversmith or potter. Their traditional role was to create a link in the prospective buyer’s mind between the product and the producer. The power of attraction of trade-marks and other “famous brand names” is now recognized as among the most valuable of business assets. However, whatever their commercial evolution, the legal purpose of trade-marks continues (in terms of s. 2 of the Trade-marks Act, R.S.C. 1985, c. T-13) to be their use by the owner “to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others”. It is a guarantee of origin and inferentially, an assurance to the consumer that the quality will be what he or she has come to associate with a particular trade-mark (as in the case of the mythical “Maytag” repairman). It is, in that sense, consumer protection legislation.¹⁸

17. In other words, a trademark used in association with services or products will allow the consumer to recognize the trademark and associate it with its trusted source and quality, irrespective of the actual name of the trademark owner or that of the

¹⁶ *An Act Respecting the Legal Publicity of Enterprises*, CQLR c. P-44.1, art. 17 (8) [I.F., annex II, p. 146]; see also Judgment (FR), see para. 194 [A.F., annex I, vol. 1, p. 70].

¹⁷ *Trademarks Act, supra*, s. 2 [I.F., annex II, p. 136]; Judgment (FR), paras. 163-164 [A.F., annex I, vol. 1, pp. 63-64].

¹⁸ *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 at para. 2 (Binnie, J.) (“*Matte*”); Judgment (FR), para. 176 [A.F., annex I, vol. 1, p. 36].

entity offering the services or commercializing the products under license from the trademark owner.

18. The fundamental differences in nature and function between trademarks and trade names are trite law and well established in doctrine and jurisprudence. As submitted by INTA at first instance and as noted by the Judge,¹⁹ the distinction is best described in an oft-cited statement of the United States Court of Customs and Patent Appeals (later cited by the Federal Court of Canada), as follows:

Trade-marks and trade names are distinct legal concepts within the ambit of the law of unfair competition. A trade-mark is fanciful and distinctive, arbitrary and unique. A trade name may be descriptive, generic, geographic, common in a trade sense, personal, firm, or corporate. A trade-mark's function is to identify and distinguish a product [or service], whereas a trade name's function is to identify and distinguish a business²⁰

19. Pursuant to the *Trademarks Act*, a trademark can only be validly used in association with products:

if, at the time of the transfer of the property in or possession of the [products], in the normal course of trade, it is marked on the [products] themselves or on the packages in which they are distributed or it is in any other manner so associated with the [products] that notice of the association is then given to the person to whom the property or possession is transferred.²¹

¹⁹ Judgment (FR), see para. 171 [**A.F., annex I, vol. 1, p. 65**].

²⁰ *In re LYNDAL FARM*, 186 F.2d 723 at 726-727 (Cust. & Pat.App. 1951) (Johnson, J.) referred to in *Road Runner Trailer Manufacturing Ltd. v. Road Runner Trailer Co.* (1984), 1 C.P.R. (3d) 443 at 447 (F.C.) (Rouleau, J.)

²¹ *Trademarks Act*, *supra*, s. 4(1) [**I.F., annex II, p. 140**]; Judgment (FR), see para. 166 [**A.F., annex I, vol. 1, p. 64**].

20. The definition of “use” in association with services is however broader: “... *if it is used or displayed in the performance or advertising of those services*”.²²
21. Therefore, the best way for brick and mortar businesses offering various services in association with their trademarks is precisely to display said trademarks on their storefront signs. This clearly qualifies as trademark use in association with services pursuant to the *Trademarks Act*.
22. In this context, the trademark displayed on the storefront sign of a business offering, for instance, retail store services or *café* services, allows the consumer to identify the services that he or she is looking for and recognizes to be of a certain quality, not the actual business offering those services.
23. In fact, in most instances, consumers have no knowledge of the actual owner of the trademark they identify. For instance, a consumer shopping at Les Promenades St-Bruno and visiting the BEST BUY and FUTURE SHOP stores located within 500 meters of each other could think that he or she is visiting competing stores whereas, in reality, both stores are owned and operated by the same person, *i.e.* the Respondent Magasins Best Buy Itée. However, each trademark is associated with a different “branding” that the consumer recognizes and associates with services of a certain type, quality, etc.:

Whether or not the individual members of the purchasing public were aware of the United Kingdom company's name is immaterial — the theory is that those who had shown a preference for the goods sold under the marks had learned to have confidence in the manufacturer of such wares regardless of whom he might be.²³

²² *Trademarks Act, supra*, s. 4(2) [I.F., annex II, p. 140]; Judgment (FR), see paras. 166-167 [A.F., annex I, vol. 1, p. 64].

²³ *Wilkinson Sword (Can.) Ltd. v. Juda* (1966), 51 C.P.R. 55 at 74-75 (Ex. Ct.) (Jackett, P.)

24. Similarly, a traveller looking for a quick bite is likely to come across a fast-food restaurant displaying the exact same MCDONALD'S sign in most major cities around the world. Said consumer will recognize this trademark, associate it with the same source as his or her local fast-food restaurant and expect the same quality in the services rendered (including the cleanliness of the installations) notwithstanding the fact these well-known restaurants in Montreal, Paris, New York and Beijing might very well be owned and/or operated by different corporate entities doing business under different names as licensees of the trademark owner.
25. Given that a trademark serves to distinguish the services offered by a business as opposed to the business itself, a trademark can be used under license by different businesses pursuant to Section 50 of the *Trademarks Act*.²⁴ Accordingly, trademarks are the perfect tool for large chains using a franchise model.
26. In this context, the trademark is owned by the franchisor and each store is usually owned and operated by a separate entity having its own name, often in the form of a numbered company, but which uses the same trademark under license from the franchisor to identify and advertise its services. Typically, the franchisees also have to follow strict guidelines set by the franchisor to ensure that all franchisees use the trademark in the exact same way and thus present a unified "branding" to consumers. In fact, the right to use the franchise's trademark and "branding" is crucial in the franchising model and the reason why franchisees often have to pay high prices to buy high value franchises.
27. As noted by the Judge, the Respondent Curves International, Inc. is a good example of the above-mentioned model. Its franchisees in Québec operate under the names 9226-9794 Québec Inc. and 7847220 Canada Inc., but use the

²⁴ *Trademarks Act, supra*, s. 50 [I.F., [annex II, pp. 143-144](#)].

following trademarks of the franchisor to identify and advertise their fitness centers for women.²⁵



28. Again, consumers recognize these trademarks and branding and associate them with services of a certain quality and make decisions on that basis, notwithstanding the fact that the fitness centers are independently owned and operated. However, should a consumer want to initiate court proceedings against one of these businesses, it will need to identify the name of the particular business offering services in association with those trademarks.
29. It is therefore abundantly clear from the foregoing, irrespective of what the *French Charter* and *Regulation* provide for, that trademarks and trade names are two totally different notions serving different purposes. In these circumstances, to take the leap suggested by the Appellant to arrive at an interpretation where the two notions are essentially interchangeable for the purposes of the *French Charter* and *Regulation* would require explicit language to that effect. Not only is there no such language in the *French Charter* and *Regulation* but, on the contrary, it is perfectly clear that trademarks and trade names are treated as separate notions with distinct rules.
- (ii) Recognized as separate notions with distinct rules within the *French Charter* and *Regulation***
30. The Appellant made the very same arguments at first instance such that the Judge had the opportunity of reviewing and discussing the socio-cultural background, legislative history and structure of the *French Charter* and *Regulation* as well as

²⁵ Judgment (FR), see paras. 106-107 [A.F., annex I, vol. 1, p. 52].

the text of the relevant provisions thereof at length in his Judgment. He noted, *inter alia*, that:

- (a) “*Public signs and posters and commercial advertising are thus dealt with separately from the name of an enterprise.*”²⁶
- (b) “*Section 58 establishes that French is the language of public signs and commercial advertising [...]*”²⁷
- (c) “*But – the statute uses the word “however” – the third paragraph of section 58 allows the Government to determine, by regulation, three categories of exceptions. Two of them concern situations and conditions where French does not have to be predominant in the sign or where the sign can be exclusively in a language other than French.*”²⁸
- (d) “*Section 25 of the Regulation exclusively addresses this last exception. Thus, the following may be written exclusively in a language other than French: [...]*
(d) a recognized trade-mark within the meaning of the Trade-Marks Act “unless a French version has been registered””²⁹
- (e) “*The Regulation does not pair this exception with an exception for trade-marks used as trade names.*”³⁰
- (f) “*... the Regulation creates this type of separate and specific exception for trade-marks exclusively in English. The situation could not be clearer.*”³¹

²⁶ Judgment (ENG), para. 127 **[I.F., annex I, p. 56]**

²⁷ Judgment (ENG), para. 128 **[I.F., annex I, p. 56]**

²⁸ Judgment (ENG), para. 129 **[I.F., annex I, p. 57]**

²⁹ Judgment (ENG), para. 130 **[I.F., annex I, p. 57]**

³⁰ Judgment (ENG), para. 131 **[I.F., annex I, p. 57]**

³¹ Judgment (ENG), para. 132 **[I.F., annex I, p. 57]**

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- (g) *“In short, there is nothing to dissociate the trade-mark from the words that constitute it so that it may be deemed a firm name within the meaning of the Charter for the purpose of applying section 27 of the Regulation. The wording is clear. The Charter permits the public posting of trade-marks regardless of the language of the words that constitute them in the cases set out in subsection 25(4) of the Regulation.”*³²
- (h) *“By extension, if an enterprise wants to use a trade-mark drawn from a language other than French as its name, it must add a French-language generic term. But this issue has nothing to do with the public exposure of a trade-mark for the purpose of associating it with the services offered by the enterprise.”*³³
- (i) *“In short, with such a specific legislative provision creating a separate niche for trade-marks, publicly posted trade-marks cannot be interpreted as synonyms for trade names or names of enterprises so as to require the addition of a generic descriptive French term pursuant to section 27 of the Regulation.”*³⁴
31. As noted by the Judge, the *French Charter*, at chapter VII – “The language of commerce and business”, provides for, *inter alia*, two separate sets of rules with respect to public display and commercial advertising (Arts. 58, 59 and 68(2)) and the names of enterprises (Arts. 63 to 71).
32. As for public display and commercial advertising of any kind, Art. 58 sets the general rule that such display and advertising must be predominantly in French:

58. Public signs and posters and commercial advertising must be in French.

³² Judgment (ENG), para. 148 [I.F., [annex I, p. 60](#)]

³³ Judgment (ENG), para. 161 [I.F., [annex I, p. 62](#)]

³⁴ Judgment (ENG), para. 184 [I.F., [annex I, p. 67](#)]

They may also be both in French and in another language provided that French is markedly predominant.

However, the Government may determine, by regulation, the places, cases, conditions or circumstances where public signs and posters and commercial advertising must be in French only, where French need not be predominant or where such signs, posters and advertising may be in another language only.³⁵

33. Pursuant to Art. 58 al. 3, the Government has enacted a series of exceptions to this general rule at Arts. 15-26 of the *Regulation* (Division III – “Public signs and posters and commercial advertising”).
34. In particular, Art. 25 of the *Regulation* specifically provides for exceptions whereby such display or advertising may be made exclusively in a language other than French:

25. On public signs and posters and in commercial advertising, the following may appear exclusively in a language other than French:

(1) the firm name of a firm established exclusively outside Québec;

[...]

(4) a recognized trade mark within the meaning of the Trade Marks Act (R.S.C. 1985, c. T-13), unless a French version has been registered.³⁶

35. On the other hand, Arts. 63 and following of the *French Charter* provide for a series of rules relating to the drafting of “the name of an enterprise” (firm name), that is, the name used to identify and distinguish a business. Nowhere is there any reference in these rules to the distinct notion of trademarks. Of particular relevance in the present proceedings are Arts. 63, 67 and 68:

³⁵ *French Charter, supra*, art. 58 [I.F., annex II, p. 98]

³⁶ *Regulation, supra*, art. 25 [I.F., annex II, p. 134]

63. The name of an enterprise must be in French.

67. Family names, place names, expressions formed by the artificial combination of letters, syllables or figures, and expressions taken from other languages may appear in the names of enterprises to specify them, in accordance with the other Acts and with the regulations of the Government.

68. The name of an enterprise may be accompanied with a version in a language other than French provided that, when it is used, the French version of the name appears at least as prominently.

However, in public signs and posters and commercial advertising, the use of a version of a name in a language other than French is permitted to the extent that the other language may be used in such signs and posters or in such advertising pursuant to section 58 and the regulations enacted under that section.

In addition, in texts or documents drafted only in a language other than French, a name may appear in the other language only.³⁷

36. Contrary to the Appellant's contention,³⁸ Art. 27 of the *Regulation*, found in a different Division – “Expression that may specify firm name”, was clearly enacted pursuant to Art. 67 and also relates to the drafting of “firm names”:

27. An expression taken from a language other than French may appear in a firm name to specify it provided that the expression is used with a generic term in the French language.³⁹

37. These rules in the *French Charter* and Art. 27 in the *Regulation* have nothing to do with public display and commercial advertising (or trademarks for that matter). On the contrary, insofar as the display of a name is concerned, Art. 68 al. 2 of the *French Charter* specifically refers to the exceptions to the general rule of Art. 58

³⁷ *French Charter, supra*, arts. 63, 67-68 [I.F., **annex II, pp. 98 et 99**]

³⁸ Appellant's Factum, paras. 49-51 [A.F., **vol. 1, pp. 13-14**]

³⁹ *Regulation, supra*, art. 27 [I.F., **annex II, p. 134**]; Judgment (FR), see paras. 205-206 [A.F., **annex I, vol. 1, p. 72**].

(i.e. Art. 25 of the *Regulation*), thus confirming that the rules relating to names are separate from the public display rule of Art. 58 of the *French Charter* and its exceptions:

Second, the interpretation submitted by the Attorney General makes light of the second paragraph of section 68 of the Charter, which allows the name of an enterprise to be posted in a language other than French if it is permitted under section 58, which is the case with trade-marks within the meaning of the Trade-marks Act, unless a French version has been registered.⁴⁰

38. There is simply nothing in the *French Charter* or *Regulation* suggesting that the trademark referred to in Art. 25 of the *Regulation* (as well as other exceptions)⁴¹ and the “firm name” referred to in Art. 27 of the *Regulation* are to be interpreted as similar and interchangeable notions, contrary to the well-established principles discussed above.

39. Beyond the Appellant’s misguided attempt to conflate these fundamentally distinct notions to better its position, the Appellant’s proposition that these two provisions can both apply to the same situation is untenable. As noted by the Judge,

the interpretation submitted by the Attorney General deprives the specific exception set out under subsection 25(4) of the *Regulation* of any practical application.⁴²

40. The Appellant argues that Arts. 25 and 27 of the *Regulation* are not incompatible and that the trademark exception of Art. 25(4) is still applicable given that trademarks displayed on storefront signs are not required to be translated into French, the OQLF only requiring French generic language to be added to these trademarks. The Appellant conveniently forgets that Art. 25 of the *Regulation* specifically provides that recognized trademarks may appear exclusively in a language other than French, as an exception to the general rule of Art. 58 of the

⁴⁰ Judgment (ENG), para. 247 [I.F., [annex I, p. 80](#)]

⁴¹ See *Regulation, supra*, arts. 7 and 13 [I.F., [annex II, pp. 131 and 132](#)].

⁴² Judgment (ENG), para. 249, see also para. 197 [I.F., [annex I, pp. 81](#)].

French Charter that already allows for a language other than French to be used as long as French is predominant.

41. On that point, it should be remembered that Art. 41.1 of Québec's *Interpretation Act* provides as follows:

The provisions of an Act are construed by one another, ascribing to each provision the meaning which results from the whole Act and which gives effect to the provision.⁴³

42. Moreover, to be coherent with the Appellant's position, Art. 27 of the *Regulation* would also need to apply to the other exceptions of Art. 25. Though not directly relevant to the present case, it is interesting to note that Art. 25(1) provides for an exception for the public display and commercial advertising of "*the firm name of a firm established exclusively outside Québec.*" Clearly Art. 27 cannot require that French generic language be added to a "firm name" that may appear exclusively in a language other than French pursuant to Art. 25(1).
43. This also confirms that the rules relating to "firm names", including the specific provision of Art. 27 of the *Regulation*, are separate from the rules dealing with public display and commercial advertising. The former apply generally to the drafting of "firm names" and will only have indirect application where such "firm names" *per se* are publicly displayed and none of the exceptions of Art. 25 of the *Regulation* apply, as provided by the clear and unambiguous text of Art. 68 al. 2 of the *French Charter*.
44. Lastly, we note that although the Appellant focused its arguments at first instance, and even more so in its Factum, on the display of service trademarks on storefront signs which it equates with use of a name, the general rule of Art. 58 of the *French Charter* (and its exceptions at Art. 25 of the *Regulation*) is not so limited and applies generally to the display on "*public signs and posters*" and "*commercial advertising*".

⁴³ *Interpretation Act*, CQLR c. I-16, art. 41.1 [I.F., [annex II, p. 150](#)].

45. As such, the OQLF could eventually seek to apply its interpretation of the *French Charter* and *Regulation* to service trademarks displayed on public signs and posters other than storefront signs, and also to various trademarks displayed in association with products, for instance, once consumers enter the premises (e.g.: BIG MAC). This would obviously be even more questionable and raise serious concerns for trademark owners.

(iii) Consistent with the legislative history

46. The interpretation of the clear text of the *French Charter* and *Regulation* put forward by the Respondents and INTA and confirmed by the Judge is also consistent with the legislative history of the relevant provisions.

47. While the current French version of Art. 27 of the *Regulation* enacted in 1993 only refers to the notion of “nom”, which, taken in isolation, is arguably vague, the English version thereof still refers to the notion of “firm name”. As noted by the Judge, the 1977 and 1979 versions of the *Regulation* referred to “raison sociale” in French (“firm name” in English).⁴⁴

48. Moreover, the relevant provision of the 1977 version of the *Regulation* provided as follows:

14. The following may appear as being specific to firm names:

[...]

(c) a trade mark registered under the Trade Marks Act (R.S.C., 1970, c.T-10) before the coming into force of the Act.⁴⁵

49. This also serves to confirm that trademarks and “firm names” can only be distinct notions and that Art. 27 of the *Regulation* is only concerned with “firm names”:

⁴⁴ Judgment (ENG), paras. 156-157 [I.F., [annex I, pp. 61-62](#)].

⁴⁵ Judgment (ENG), para. 156 [I.F., [annex I, pp. 61-62](#)].

In light of the legislative history behind the Charter and the Regulation, the Court finds that the words “name of an enterprise” and “firm name” in the sections relevant here – that is, sections 58, 63, and paragraph 2 of section 68 of the Charter and sections 25 and 27 of the Regulation – designate nothing more than the names of enterprises within the meaning of the Act respecting the legal publicity of enterprises and do not include trade-marks, whether directly or by association.⁴⁶

(iv) Report of the *Conseil supérieur de la langue française* in 2000 and settled interpretation

50. This aspect was also thoroughly considered and discussed by the Judge in the Judgment.⁴⁷ Suffice it to note that, in 1998, the *Conseil supérieur de la langue française* (the “Conseil”) was asked to examine the very issue that is at the heart of the present litigation, that is, “*la problématique générale de l’affichage des raisons sociales au Québec*”, including the public display of trademarks by businesses.⁴⁸
51. Contrary to the OQLF’s current interpretation, the Conseil understood at the time the very clear distinction between trademarks used in association with services and trade names, as reflected in its report submitted in 2000:

La simple présence d'une identification sur un établissement ne transforme pas cette identification en nom d'entreprise.⁴⁹

52. In its final report, the Conseil duly noted that the *French Charter*, and in particular, Art. 25(4) of the *Regulation*, allows businesses to display their recognized trademarks on public signs and posters in a language other than French without the need to add French generic language.⁵⁰

⁴⁶ Judgment (ENG), para. 160 [I.F., annex I, pp. 62].

⁴⁷ Judgment (FR), see paras. 181-183, 211-244 [A.F., annex I, vol. 1, p. 52].

⁴⁸ *Avis du Conseil de la langue française*, Exhibit P-1A (« Avis »), Annex 1 [A.F., annex III, vol. 1, p. 244].

⁴⁹ *Avis, supra* [A.F., annex III, vol. 1, p. 228].

⁵⁰ *Avis, supra* [A.F., annex III, vol. 1, pp. 214-215].

53. The Conseil also rejected the idea of amending the *French Charter* and/or *Regulation* to require that French generic language be added to any non-French trademark displayed on storefront signs for the following reasons:

Cette hypothèse soulève bon nombre de difficultés. Une marque de commerce forme un tout, protégé par des lois et des accords internationaux; son utilisation s'inscrit souvent dans une stratégie de mise en marché d'un produit ou d'un service, stratégie internationale, voire mondiale. Tout ajout dans son affichage pourrait porter atteinte à son intégrité et aux objectifs de visibilité commerciale de l'entreprise qui en possède les droits exclusifs. De plus, pour de nombreuses marques de commerce, le choix d'un générique ne s'impose pas d'emblée et pourrait rendre la situation encore plus confuse aux yeux des consommateurs. Enfin, il a paru évident qu'il n'était pas possible de trouver une solution unique pour couvrir une multitude de cas particuliers.⁵¹

54. Consequently, the *Regulation* was not amended (the current version of Arts. 25 and 27 was enacted in 1993) and the *statu quo* was maintained; that is, the OQLF allowed businesses to display their recognized trademarks on public signs and posters exclusively in a language other than French without the need to add French generic language, the whole pursuant to the trademark exception.⁵²
55. Contrary to what the Appellant is suggesting, the OQLF did more than simply *tolerating* this practice during all these years in indicating, in its annotated versions of the *French Charter* and replies to complaints received from members of the public, that such practice was permitted by the *French Charter*. The Judge concluded that:

for nearly 20 years, the Office not only tolerated the posting of trade-marks in a language other than French without the addition of a French-language generic term, it considered such posting to comply with the Charter.⁵³

⁵¹ *Avis, supra* [A.F., annex III, vol. 1, p. 234].

⁵² Judgment (FR), see paras. 224-225 [A.F., annex I, vol. 1, p. 52].

⁵³ Judgment (ENG), para. 233(d) [I.F., annex I, p. 77].

56. It is only recently, without any legislative change, that the OQLF suddenly decided to change its own interpretation of the *French Charter and Regulation*, despite the fact that said interpretation had prevailed for nearly 20 years and that the text could not be any clearer.

B) THE UNWARRANTED AND UNPREDICTABLE CONSEQUENCES OF THE OQLF'S INTERPRETATION FOR TRADEMARK OWNERS DOING BUSINESS IN QUÉBEC

57. In its Factum, the Appellant addresses this issue in only four paragraphs⁵⁴ and concludes, without any support or authorities whatsoever, that “*il n’y a aucun risque qu’une entreprise ne perde la protection acquise par l’enregistrement ou l’utilisation de sa marque de commerce*”.⁵⁵

58. This is obviously based on the Appellant’s position that the OQLF is not requiring the trademark itself to be translated but simply that French generic language be added. The fallacy of the Appellant’s position was discussed above. However, this also fails to take into account that merely adding extraneous content to trademarks could have serious consequences on the rights of trademark owners doing business in Québec.

59. As discussed above,⁵⁶ the primary function of a trademark is to connect or link a service or product to one source and distinguish it from other sources.⁵⁷ A trademark capable of performing this function is said to be distinctive or to have distinctive character. Mr. Justice Binnie for the Supreme Court noted that “*distinctiveness is of the very essence and is the cardinal requirement of a trademark*”.⁵⁸

⁵⁴ Appellant’s Factum, paras. 106-109 [**A.F., vol. 1, pp. 27-28**]

⁵⁵ Appellant’s Factum, paras. 108 [**A.F., vol. 1, pp. 27-28**]

⁵⁶ See paras. A.16-A.28 above.

⁵⁷ *Kirkbi AG v. Ritvik Holdings Inc.*, 2005 SCC 65 at para. 39 (LeBel, J.)

⁵⁸ *Mattel, supra* at para. 75 (Binnie J.) citing *Western Clock Co. v. Oris Watch Co.*, [1931] Ex. C.R. 64 at para. 16 (Audette, J.).

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60. This fundamental concept or requirement is so important to the trademark system that the *Trademarks Act* as well as international treaties, to which Canada is a party, are designed to protect the integrity of trademarks to safeguard their distinctive character and thus ensure that they can fulfill their primary function properly.
61. As noted by the Judge, the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) is relevant to the issue at bar.⁵⁹ In the context where international trade was becoming increasingly important and where it was thus ever so paramount for trademark owners to maintain the integrity and distinctive character of their trademarks in all countries where they were doing business, a provision was negotiated and incorporated in the TRIPS Agreement to ensure that trademark owners could use their trademarks in the course of trade without unjustified encumbrance. Art. 20 of the TRIPS Agreement provides as follows:

The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings. This will not preclude a requirement prescribing the use of the trademark identifying the undertaking producing the goods or services along with, but without linking it to, the trademark distinguishing the specific goods or services in question of that undertaking.⁶⁰

⁵⁹ Judgment (FR), see paras. 177-178 [**A.F., annex I, vol. 1, pp. 66-67**]; TRIPS is an international agreement on intellectual property negotiated during the 1986-1994 Uruguay Round of the General Agreement on Tariffs and Trade (“GATT”) which led to the creation of the World Trade Organization (“WTO”) on January 1st, 1995. It provides for minimum standards for many forms of intellectual property, including trademarks, which had to be implemented by all members of the WTO (see e.g.: http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm).

⁶⁰ *World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization*, April 15, 1994, 1869 UNTS 299, art. 20 [**I.F., annex II, p. 158**]; It should also be noted that the *North American Free Trade Agreement* between Canada, the United States and Mexico incorporates a similar provision at Section 1708(10) [**I.F., annex II, p. 163**].

62. The OQLF's interpretation and requirement that French generic language be added to trademarks displayed on storefront signs in Québec is exactly the kind of unjustified "*use in a special form*" and "*use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings*" that Art. 20 was meant to prevent.

63. In one of the leading texts on TRIPS, Professor Peter-Tobias Stoll of the University of Göttingen notes the following:

On the other end, measures that might be detrimental to the general capability of the trademark to distinguish the goods or services, may be interpreted as demanding that the trademark be placed in such a way as to hamper the consumer to identify it or as requiring the trademark to be presented side by side with information or materials which could also reduce the mark's influence on the consumer.⁶¹

64. Canada is a member of the WTO and therefore a contracting party to the TRIPS Agreement. It is a well-established principle of statutory interpretation that although international treaties do not have the force of an Act of Parliament in Canada, they can provide a guide to statutory interpretation and courts will, when possible, prefer interpretations that reflect the values and principles of these international treaties.⁶²

65. In this context, INTA argued before the Judge that in some cases, but not necessarily all instances, the requirement to add French generic language, even if the trademark itself does not need to be translated, could lead to the erosion of the trademark's distinctive character such that it might eventually no longer be able to properly fulfill its primary function. This is especially so in the context where the province of Québec would be the only place where such requirement is imposed on trademark owners.

⁶¹ Peter-Tobias Stoll, Jan Busche & Katrin Arend, eds., *WTO – Trade-Related Aspects of Intellectual Property Rights* (Boston: Martinus Nijhoff Publishers, 2009) at 345-346

⁶² *Baker v. Canada (Minister of Citizenship & Immigration)*, [1999] 2 S.C.R. 817 at paras. 69-70 (L'Heureux-Dubé, J.)

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66. While it is difficult to foresee all possible situations, it can readily be anticipated that some trademarks would be more at risk such as very short trademarks used in association with services that would require a longer French generic text to accurately describe those services. Such trademarks would be more likely to have their integrity negatively impacted resulting in consumer confusion, especially considering the fact that the OQLF appears to have complete discretion to determine whether the French generic language is sufficient and how it should be displayed on public signs in terms of positioning, size, etc.
67. Such an example would be that of a fictitious well-known chain of retail stores selling home appliances in several locations across Canada and the United States in association with the very short and distinctive TUB design mark. Stores located in Québec would have to display on their signs something like “*Appareils électroménagers*” combined with the TUB design mark. A consumer who has seen the exact same TUB design mark, but without any added material, in other cities in Canada and the United States might wonder whether the Québec stores are from the same source, offer the same quality of services, etc.
68. Another fictitious example would be that of a business selling car parts in several locations in Ontario in association with the trademark RED (which would have become distinctive of its business after years of use) and which would want to expand its activities into Québec. Should this business be required to open its first store with a sign displaying “Pièces d’automobiles RED” as opposed to simply “RED”, a consumer who is aware of the RED stores chain in Ontario might initially question whether the Québec store is operated by a third party trying to free ride on the goodwill of the other while adding generic language in an attempt to avoid legal proceedings.
69. As soon as consumers begin to wonder whether they are at the right place and whether they might be dealing with another source, a trademark is no longer performing its core function properly and starts to lose its distinctiveness, irrespective of the issue of the validity of these trademark registrations.

70. This is the reason why most trademark owners, including the Respondents in the present case,⁶³ have very strict guidelines as to how exactly their trademarks are to be used by all users thereof. These guidelines are often very technical and detailed as to the size, positioning, colour, font, circumstances when one version of the trademark as opposed to another can be used, etc. This is meant to ensure that the integrity of the trademark is scrupulously maintained to safeguard the distinctive character and is particularly important for trademarks used in several countries by different entities under license.
71. In addition to the aforementioned impediments to the distinctiveness of trademarks, the OQLF's interpretation and requirement to add French generic language could also lead, in some cases, to trademark registrations being cancelled in the context of summary expungement proceedings pursuant to the *Trademarks Act*.⁶⁴ As noted by the Judge,
- Respect for the integrity of trade-marks is a recurrent issue before the courts, and this explains why trade-mark owners might get cold feet at the prospect of changing them in any way.⁶⁵
72. One issue that often arises in the context of such proceedings is the extent to which a trademark as used can deviate from the trademark as registered and still maintain the rights associated with the registration. This is especially problematic when a trademark is used with other written or graphic material in the market place.
73. In this context, the President of the former Exchequer Court cautioned in an oft-cited statement that "*the practice of departing from the precise form of a trademark as registered is objectionable, and is very dangerous to the registrant*".⁶⁶

⁶³ Judgment (FR), see para. 105 [**A.F., annex I, vol. 1, pp. 51-52**]

⁶⁴ *Trademarks Act, supra*, s. 45 [**I.F., annex II, pp. 141-142**].

⁶⁵ Judgment (ENG), para. 178 [**I.F., annex I, pp. 65-66**].

⁶⁶ *Honey Dew Ltd. v. Rudd*, [1929] Ex. C.R. 83 at para. 7 (MacLean, P.)

These words of caution were restated some 60 years later by Mr. Justice MacGuigan of the Federal Court of Appeal, who added that “*obviously, with every variation the owner of the trademark is playing with fire*”.⁶⁷ This notion has since been repeated countless times by the Registrar of Trademarks in its decisions (or by the Federal Court on appeal of those decisions).⁶⁸

74. However, the law has developed to take account of economic and technical realities and will therefore allow for some variations in the way a trademark is used and/or allow use in combination with additional material. In *Promafil*, the Federal Court of Appeal set out the following test with respect to permissible variations:

But cautious variations can be made without adverse consequences, if the same dominant features are maintained and the differences are so unimportant as not to mislead an unaware purchaser.⁶⁹

75. The rationale for these principles is simple: to register a specific trademark in Canada and be afforded all the rights and privileges associated with such a registration, an applicant has to go through a formal and sometimes protracted process where the Trademarks office examines the application and its compliance with a series of requirements. The more a trademark owner deviates from the trademark as registered, the greater the risk that the owner is using a different trademark that was not examined by the Trademarks office and for which there could have been grounds to refuse the application. The Trademarks office and the courts are thus very wary of trademark owners indirectly expanding their protection by deviating the use of their registered trademarks.

⁶⁷ *Promafil Canada Itée v Munsingwear Inc.* (1992), 44 CPR (3d) 59 at 71 (F.C.A.) (MacGuigan, J.A.) (“*Promafil*”)

⁶⁸ See e.g. *Smart & Biggar v. Laiterie Chalifoux Inc.*, 2010 TMOB 143 at para. 13 (Carrière, M.)

⁶⁹ *Promafil*, *supra* at 70 (F.C.A.) (MacGuigan, J.A.)

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76. As noted above, the Conseil had, in 2000, identified these same issues, including the interplay between the *French Charter* and national and international trademark legislation as well as the importance of protecting trademarks integrity, when it prepared its final report and recommended that the *statu quo* be maintained.⁷⁰ This was also duly noted by the Judge.⁷¹
77. In all likelihood, it is for the very same reasons that the *French Charter* and *Regulation* were drafted and structured as they are, providing for very specific exceptions for recognized trademarks throughout the *Regulation*,⁷² thus creating a “separate niche”⁷³ for trademarks within the *French Charter*.

C) QUÉBEC’S “VISAGE LINGUISTIQUE FRANÇAIS” IS NOT COMPROMISED BY THE RESPONDENTS’ USE OF THEIR TRADEMARKS

78. Setting aside the clear text and structure of the *French Charter* and *Regulation*, its settled interpretation for nearly 20 years, the report of the Conseil in 2000 and the severe consequences that the OQLF’s recent interpretation could have on the rights of trademark owners doing business in Québec (including Québec-based businesses), INTA and its undersigned attorneys are very conscious of the reality and importance of protecting the “*visage linguistique français*” in Québec.
79. However, with the upmost respect, the OQLF and the Appellant, with their recent interpretation of the *French Charter* and the present appeal, are tackling the wrong issue.
80. The “current issue” that led to a change in the OQLF’s interpretation of the *French Charter* is described at paragraphs 9-10 of the Appellant’s Factum, based on minutes of meetings of the OQLF, as follows:

⁷⁰ See paras. A.52-A.53 above.

⁷¹ Judgment (FR), see para. 177 [A.F., annex I, vol. 1, p. 66]

⁷² *Regulation, supra*, arts. 7, 13 and 25 [I.F., annex II, pp. 131, 132 and 134].

⁷³ Judgment (ENG), paras. 131 and 184 [I.F., annex I, pp. 57 and 67].

[...] ce problème qui se présentait de plus en plus fréquemment, d'entreprises qui enregistrent des marques de commerce pour se soustraire à l'obligation d'utiliser et d'afficher une raison sociale (nom) en français [...]

[...] pour pallier la prolifération des marques de commerce dans une autre langue que le français sur la façade des commerces [...]

81. We note that no evidence seems to have been put forward of this so-called “*prolifération*” of businesses who register trademarks to purposively avoid the application of the rules relating to the display of “firm names” (“*raisons sociales*”). In fact, we do not know if this is really the case. However, it is noteworthy that all the Respondents in these proceedings are simply using in Québec the very same trademarks that are being used elsewhere in Canada and, in some instances, elsewhere in the world for the reasons discussed above.
82. As such, it can hardly be said that the Respondents are attempting to thwart the application of the *French Charter*. On the contrary, most of the Respondents have obtained, over the years, francization certificates⁷⁴ pursuant to Art. 146 of the *French Charter* confirming that “*use of French is generalized at all levels of the enterprise*”.⁷⁵ The present proceedings for declaratory judgment were initiated by the Respondents in part because the OQLF threatened to withdraw or suspend some of those francization certificates.⁷⁶
83. Contrary to what the OQLF and the Appellant appear to be suggesting, most serious companies doing business in Québec, such as the Respondents and INTA members, make efforts and take all the necessary measures to comply with the *French Charter*. However, the use of trademarks has to be understood and considered according to established principles as well as national and international trademark legislation to which Canada is a party.

⁷⁴ Judgment (FR), paras. 67, 226-227 [A.F., annex I, vol. 1, pp. 44, 76-77]

⁷⁵ *French Charter, supra*, art. 146 [I.F., annex II, p. 115]

⁷⁶ Judgment (FR), see e.g. para. 68 [A.F., annex I, vol. 1, p. 44]

84. In this particular context, businesses also have to take the necessary steps to maintain the integrity of their trademarks in all countries where they are doing business in order to safeguard the distinctive character of these often very valuable assets. This necessarily includes the province of Québec.
85. This is exactly why there is a specific and very clear exception in the *French Charter* and *Regulation* allowing the public display of such recognized trademarks exclusively in a language other than French.

PART IV – CONCLUSIONS**FOR THESE REASONS, MAY IT PLEASE THE COURT:****DISMISS** the present appeal;**AFFIRM** the judgment rendered at first instance on April 9, 2014 by the honourable justice Michel Yergeau;**THE WHOLE** with costs in this appeal and in the court below.

Montréal, December 4, 2014

**Smart & Biggar
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(M^e Christian Bolduc)
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