

C A N A D A

**PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL**

N^o: 500-17-074083-125

COUR SUPÉRIEURE

MAGASINS BEST BUY LTÉE

et

COSTCO WHOLESALE CANADA LTD.

et

GAP (CANADA) INC.

et

OLD NAVY (CANADA) INC.

et

CORPORATION GUESS? CANADA

et

**LA COMPAGNIE WAL-MART DU
CANADA**

et

TOYS "R" US (CANADA) LTÉE

et

CURVES INTERNATIONAL, INC.

Demandereses

c.

**PROCUREUR GÉNÉRAL DU
QUÉBEC**

Défendeur

-et-

**INTERNATIONAL TRADEMARK
ASSOCIATION**

Intervenante

-et-

**CONSEIL CANADIEN DU
COMMERCE DE DÉTAIL**

Intervenant

**WRITTEN SUBMISSIONS OF THE INTERVENER
INTERNATIONAL TRADEMARK ASSOCIATION**

(Requête en jugement déclaratoire - art. 453 C.p.c.)

INTRODUCTION

1. In 2000, the *Conseil supérieur de la langue française* (the “Conseil”) considered the relevance of amending the *Charter of the French language* (the “French Charter”) and/or its regulations to require that French generic language be added to any non-French trade-mark displayed on public signs or posters. The Conseil, however, rejected this approach 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. [emphasis added]

- Avis à la Ministre responsable de l'application de la *Charte de la langue française* [« Avis à la Ministre »], Exhibit P-1A, p. 40
2. The Conseil was created pursuant to the French Charter and its mission is to advise the Minister responsible for the administration of the French Charter on any matter relating to the French language in the province of Québec.
- *Charter of the French Language*, R.S.Q., c. C-11, ss. 185-187 [Tab 2]

3. In 1998, the Minister responsible for the application of the French Charter, Ms. Louise Beaudoin, requested that the Conseil 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 trade-marks by businesses.

- Avis à la Ministre, Exhibit P-1A, Annex 1

4. In order to prepare its report and make its recommendations, the Conseil conducted a comprehensive study, which included: a review of the French Charter and its regulations; an analysis of the relevant legislation in Québec, in Canada and of international treaties in the fields of commercial law, intellectual property, language and human rights; a socio-economic and cultural assessment of the situation in Québec; and public consultations.

- Avis à la Ministre, Exhibit P-1A, pp. 5-6

5. In its final report, the Conseil duly noted that the French Charter, and in particular, Art. 25(4) of the *Regulation respecting the language of commerce and business* (the “Regulation”), allows businesses to display their recognized trade-marks on public signs and posters in a language other than French without the need to add French generic language.

- Avis à la Ministre, Exhibit P-1A, pp. 20-21

6. Already at that time, the Conseil understood the very clear distinction between trade-marks used in association with services and trade names, as reflected in its report:

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

- Avis à la Ministre, Exhibit P-1A, p. 34

7. In the course of its inquiry, the Conseil even considered, on its own initiative, the possibility of recommending that the French Charter and/or Regulation be amended to

require that French generic language be added to any non-French trade-mark displayed on public signs or posters, but rejected that possibility for the reasons mentioned above (see para. 1).

8. Yet, only a few years later, the *Office québécois de la langue française* (the “OQLF”) confuses the very same fundamental notions of trade-marks and trade names, allowing it to misinterpret and misapply the French Charter and Regulation while being seemingly unaware of, or indifferent to, the issues raised and risks posed by such an interpretation for trade-mark owners, but which issues had precisely been identified and understood by the Conseil a few years earlier.

9. The provisions of the French Charter and Regulation which are relevant to these proceedings are reproduced in a Schedule attached herewith.

1) THE OQLF IS CONFUSING THE LEGAL NOTIONS OF TRADE-MARKS AND TRADE NAMES

10. The text of the Regulation is clear and unambiguous. By reading the French Charter and Regulation purposively, it is clear that the exception at Art. 25(4) of the Regulation applies to the display of recognized trade-marks on public signs and posters and in commercial advertising whereas the unrelated rule at Art. 27 deals with firm names (or trade names) of businesses in the exercise of their commercial activities in Québec.

11. There has been no issue with the role of these two (2) provisions for years and businesses have, as a consequence, displayed their recognized trade-marks on public signs exclusively in a language other than French availing themselves of the exception at Art. 25(4) of the Regulation.

12. At the heart of the present debate is the fact that in 2011 in the context of its campaign on the subject or even before, the OQLF changed its interpretation in the absence of any amendment to the French Charter or its Regulation and started confusing

these very fundamentally distinct notions of trade-marks and trade names and unlawfully trying to have the rule at Art. 27 of the Regulation come into play for trade-marks. The Defendant's position, which is succinctly summarized at paragraph 1 of its *Avis de dénonciation des motifs de défense*, highlights this confusion:

Que lorsque la marque de commerce est affichée sur la devanture des magasins des demandresses, elle est effectivement utilisée à la fois comme nom d'entreprise et comme marque de commerce;

13. Once again, it is particularly revealing that the Conseil had perfectly understood the difference between these two (2) notions and stated so in its report to the Minister responsible for the application of the French Charter back in 2000 (see para. 6 above).

a) Trade-marks and trade names : two fundamentally different notions

14. The definitions of a trade-mark and a trade name and the fundamental differences in nature and function between these two (2) notions are, for the present purposes, 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 business. [emphasis added]

- *In re LYNDAL FARM*, 186 F.2d 723 at 726-727 (Cust. & Pat.App. 1951) (Johnson, J.) [Tab 12] 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.) [Tab 18]

15. A business will often operate under a single trade name whereas it can use several different trade-marks to identify and distinguish its services and products. A good example is that of one of the Plaintiffs which uses various trade-marks (depicted below) to identify and advertize its services, while operating under a single name, namely "Magasins Best Buy Ltée".



16. Consumers associate the different FUTURE SHOP stores displaying the FUTURE SHOP & Design trade-mark with a common source and a certain quality in the services rendered in these stores, without necessarily knowing that these services are rendered by a company operating under the name “Magasins Best Buy Ltée”.

17. Similarly, consumers shopping at the BEST BUY stores are likely to recognize the BEST BUY & Design trade-mark and associate the services offered in these stores with a common source, but are probably unaware that these stores are owned and operated by the same company which also operates stores in association with the FUTURE SHOP & Design trade-mark.

18. On the other hand, suppliers, who are much less concerned with the services rendered in these stores by the Plaintiff and the “branding” associated therewith than with the business that operates them, are much more likely to be aware of the name used by the Plaintiff in order to be able to invoice it, deliver to it, etc.

19. Another example to illustrate the extent of the flaw in the OQLF’s argument can be seen in the franchising context. In this regard, it is not uncommon for large chains to follow the franchise model. In this situation, the trade-mark is owned by the franchisor and each store is usually operated by a separate entity having its own name, often in the form of a numbered company, but which uses the trade-mark under license from the franchisor to identify and advertize its services. The franchisees also usually have to

follow strict guidelines set by the franchisor to ensure that all franchisees use the trade-mark in the exact same way and thus present a unified “branding” to the consumers.

20. The Plaintiff 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 following trade-marks of the franchisor to identify and advertize their fitness centers for women:



21. Again, consumers recognize these trade-marks and branding and associate them with a common source, notwithstanding the fact that the fitness centers are independently owned and operated.

b) Possible consequences of this confusion

22. By confusing the display of recognized trade-marks on public signs with the use of trade names, the OQLF is of the view that Art. 27 of the Regulation applies. Such has the direct consequence of rendering the trade-mark exception at Art. 25(4), for all intents and purposes, meaningless:

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

[...]

(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. [emphasis added]

- *Regulation respecting the language of commerce and business, R.R.Q., c. C-11, r. 9, s. 25(4) [Tab 6]*

23. On that point, it should be remembered that S. 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. [emphasis added]

- *Interpretation Act*, R.S.Q., c. I-16, s. 41.1 [Tab 4]

24. Should the OQLF's position with respect to trade name use be maintained, such could also have an impact on the application of other statutes in Québec in which the same notion is found as well as on the relevant jurisprudence in ways that are impossible to fully anticipate.

25. For instance, *An Act Respecting the Legal Publicity of Enterprises* provides that any "legal person" carrying on an activity in Québec is required to be registered and to declare "*any other name used by [it] in Québec and by which [it] is identified*". In this context, could trade-mark owners doing business in Québec eventually be required to declare their trade-marks displayed on public signs which would suddenly be considered to be trade names according to the OQLF's interpretation? We note that a business which would fail to do so could be found guilty of an offence and liable to a fine of up to \$6,000 and that some businesses have several trade-marks that they use in association with their various services.

- *An Act Respecting the Legal Publicity of Enterprises*, R.S.Q., c. P-44.1, ss. 21, 33, 73, 153 and 158 [Tab 1]

26. Also, pursuant to the *Consumer Protection Act*, before a distance contract is entered into, the merchant must disclose to the consumer its name and any other name under which it carries on business. Could these "other names" include the trade-marks used by the merchant to identify and advertize its services? If so, a legal person which contravenes this provision could be liable to a fine of up to \$40,000.

- *Consumer Protection Act*, R.S.Q., c. P-40.1, ss. 54.4 and 279 [Tab 3]

27. Needless to say, it is extremely difficult to anticipate all the consequences that such a radical departure in the way trade-marks and trade names are treated by this Court

could have in a wide array of situations. It is thus crucial for this Court not to depart from the well-established and fundamental notions of trade-marks and trade names in order to ensure the predictability of the legal obligations faced by businesses and to avoid disastrous consequences on the rights of trade-mark owners doing business in Québec, as it will be discussed in greater detail below.

2) **IMPACT ON THE INTEGRITY OF TRADE-MARKS AND THE RIGHTS OF TRADE-MARK OWNERS**

28. As discussed above, in 2000, the Conseil identified several difficulties associated with the possibility of requiring that French generic language be added to any non-French trade-mark displayed on public signs or posters, including some of the very same issues raised by the International Trademark Association (“INTA”) in these proceedings:

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. [emphasis added]

- Avis à la Ministre, Exhibit P-1A, p. 40

a) **Trade-mark: symbol of connection or link between a source and a service or product**

29. In order to fully appreciate the risks and potential effects of the OQLF’s new interpretation and requirement on the rights of trade-mark owners, one must first understand the exact nature and role of a trade-mark and why it is so important for the Plaintiffs and members of INTA to protect the integrity of their trade-marks.

30. In essence, a trade-mark is the symbol of a connection or link between the source of a service or product and the service or product itself.

- *Kirkbi AG v. Ritvik Holdings Inc.*, 2005 SCC 65 at para. 39 (LeBel, J.) [Tab 13]

31. The function of a trade-mark 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. [emphasis added]

- *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 at para. 2 (Binnie, J.) [Tab 14] [“*Mattel*”]
- *Trade-marks Act*, R.S.C. 1985, c. T-13, s. 2 [Tab 7]

32. In other words, a trade-mark used in association with services or products will allow the consumer to recognize the trade-mark and associate it with its trusted source and quality, irrespective of the name of the trade-mark owner or that of the entity offering the services or commercializing the products under license from the trade-mark owner.

33. A trade-mark capable of performing this function, that is, one that can link a service or product to one source and distinguish it from other sources, 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 trade-mark*”. As a result, a trade-mark that loses its distinctiveness over time and is no longer capable of performing its function can be invalidated and expunged from the Register.

- *Trade-marks Act*, *supra*, ss. 2 and 18 [Tab 7]
- *Mattel, supra* at para. 75 (Binnie J.) [Tab 14] citing *Western Clock Co. v. Oris Watch Co.*, [1931] Ex. C.R. 64 at para. 16 (Audette, J.) [Tab 21]

34. In most instances, consumers have no knowledge of the actual owner of the trade-mark that they recognize. 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/she is visiting competing stores whereas, in reality, both stores are owned by the same person, *i.e.* the Plaintiff Magasins Best Buy Ltée. However, each trade-mark is associated with a different “branding” that the consumer recognizes:

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.

- *Wilkinson Sword (Can.) Ltd. v. Juda* (1966), 51 C.P.R. 55 at 74-75 (Ex. Ct.) (Jackett, P.) [Tab 22]

35. This is especially true in a context where international trade of services is expanding and where, as a result, the same trade-mark is often used in many countries around the world. This is the case for several members of INTA.

36. A coffee aficionado travelling the world is likely to come across a well-known coffee shop displaying the exact same trade-mark in different cities around the world. Said consumer will recognize this trade-mark, associate it with the same source as his/her local coffee shop and expect the same quality in the service rendered notwithstanding the fact that these well-known coffee shops in Beijing and Montréal might very well be owned and/or operated by different corporate entities doing business under different names as licensees of the trade-mark owner.

37. This can only be so because these well-known coffee shops, as well as the Plaintiffs, adhere to strict guidelines which ensure that the very exact same trade-marks are used in the very exact same shape and form throughout Canada and throughout the world. This way, the integrity of these trade-marks is maintained and they can fulfill their function as a symbol of linkage between one source and a service or product.

38. However, in the situation where there are variations in the way a trade-mark is used, such as in the present case, where the trade-mark owners would be forced by the OQLF to add French generic language to trade-marks which are, in some instances,

displayed without such added language elsewhere in Canada or other countries in the world, some consumers might be confused into thinking that the source of the services offered is different. This would negatively impact the distinctiveness of the trade-mark, that is, its fundamental capacity to link to a single source. Again, the Conseil had precisely identified this very issue in its 2000 report noting that “*tout ajout dans son affichage pourrait porter atteinte à son intégrité*” and that this “*pourrait rendre la situation encore plus confuse aux yeux des consommateurs*”.

- Avis à la Ministre, Exhibit P-1A, p. 40
- b) **The *Trade-marks Act* and relevant international treaties are designed to protect the integrity of trade-marks**

39. The concept of trade-marks as symbols of linkage between a source and the services or products associated to it is enshrined in the trade-mark system. It is thus not surprising that the Canadian *Trade-marks Act* as well as international treaties, to which Canada is a party to, are designed to protect the integrity of trade-marks to ensure that they can fulfill this function properly.

40. In Canada, S. 19 of the *Trade-marks Act* “*gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark*”. In other words, the owner of a registered trade-mark in Canada not only has the right to exclude others from using its trade-mark, but also has the exclusive right to use it as registered in association with the services or products covered by its registration throughout Canada, including in Québec.

- *Trade-marks Act, supra*, s. 19 [emphasis added] [Tab 7]
- *Molson Canada v. Oland Breweries Ltd.* (2002), 19 C.P.R. (4th) 201 at paras.12 and 16 (Carthy, J.A.) (Ont. C.A.) [Tab 15]

41. An interpretation of the French Charter and its Regulation that would prevent trade-mark owners from using their registered trade-marks as registered in the province of Québec by requiring the addition of French generic language is inconsistent with the

Trade-marks Act and should be rejected in favour of the interpretation that prevailed until recently and was consistent with S. 19 of the *Trade-marks Act*:

It is a well-established rule that provincial enactments are presumed to be intended to avoid interference with federal legislation.

- *Dauphin Plains Credit Union Ltd. v. Xyloid Industries Ltd.*, [1980] 1 S.C.R. 1182 at 1193 (Pigeon, J.) [Tab 10]

42. More specifically related to the issue at bar is a provision of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”). 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 trade-marks, which had to be implemented by all members of the WTO:

The extent of protection and enforcement of these rights varied widely around the world; and as intellectual property became more important in trade, these differences became a source of tension in international economic relations. New internationally-agreed trade rules for intellectual property rights were seen as a way to introduce more order and predictability, and for disputes to be settled more systematically.

[...]

The WTO’s TRIPS Agreement is an attempt to narrow the gaps in the way these rights are protected around the world, and to bring them under common international rules. It establishes minimum levels of protection that each government has to give to the intellectual property of fellow WTO members. In doing so, it strikes a balance between the long term benefits and possible short term costs to society.

- World Trade Organization, Understanding the WTO: The Agreements - Intellectual Property: protection and enforcement, online: World Trade Organization http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm [Tab 24]

43. In the context where international trade was becoming increasingly important and where it was thus ever so paramount for trade-mark owners to maintain the integrity and distinctive character of their trade-marks in all countries where they were doing business, a provision was negotiated and incorporated in the TRIPS Agreement to ensure that

trade-mark owners could use their trade-marks 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.

- *World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Annex IC of the Marrakesh Agreement Establishing the World Trade Organization, April 15, 1994, 1869 UNTS 299, art. 20 [Tab 8]*

44. The OQLF's interpretation and requirement that French generic language be added to trade-marks displayed on public signs and posters 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.

45. For instance, 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. [emphasis added]

- Peter-Tobias Stoll, Jan Busche & Katrin Arend, eds., *WTO – Trade-Related Aspects of Intellectual Property Rights* (Boston: Martinus Nijhoff Publishers, 2009) at 345-346 [Tab 23]

46. Canada is a member of the WTO and was involved in the negotiations of 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.

- *Baker v. Canada (Minister of Citizenship & Immigration)*, [1999] 2 S.C.R. 817 at para. 69-70 (L'Heureux-Dubé, J.) [Tab 9]

47. It should also be noted that the North American Free Trade Agreement (“NAFTA”) between Canada, the United States and Mexico incorporates a similar provision at Section 1708(10):

No Party may encumber the use of a trademark in commerce by special requirements, such as a use that reduces the trademark's function as an indication of source or a use with another trademark. [emphasis added]

- *North American Free Trade Agreement*, 32 ILM 289, 605 (1993), S. 1708(10) [Tab 5]

48. The foregoing would explain why, in 2000, the Conseil came to the conclusion that an amendment to the French Charter and its Regulation requiring French generic language to be added to non-French trade-marks displayed on public signs, which is essentially the effect of the OQLF's current interpretation, without any legislative change, would pose a number of difficulties in view of, *inter alia*, international treaties.

c) Practical result: owners of Canadian trade-mark registrations doing business in Québec risk losing trade-mark rights

49. Beyond the fact that the OQLF's interpretation of the Regulation is incorrect for the reasons discussed above, such an interpretation could also have very severe consequences for trade-mark owners doing business in Québec since their trade-mark registrations could potentially be cancelled in the context of expungement proceedings pursuant to the *Trade-marks Act*.

50. Under S. 45 of the *Trade-marks Act*, the Registrar of Trade-marks (the “Registrar”) may, at the request of a third party at any time after three (3) years from the date of the registration of a trade-mark, give notice to the trade-mark owner requiring him/her to show use of his/her trade-mark in Canada with respect to each of the services or products specified in the registration at any time in the preceding three (3) years.

- *Trade-marks Act, supra*, s. 45(1) and (2) [Tab 7]

51. If the Registrar concludes that the trade-mark was not used in Canada at any point in time during the three (3) year period and that the absence of use is not justified by special circumstances, it will expunge the registration from the Register of trade-marks. The trade-mark owner will, as a result, lose the benefit of the exclusive national right afforded to him/her by his/her registration pursuant to the *Trade-marks Act*.

- *Trade-marks Act, supra*, ss. 19, 45(3), 56 [Tab 7]

52. One issue that often arises in the context of such proceedings is the extent to which a trade-mark as used can deviate from the trade-mark as registered to maintain the registration. This is especially problematic when a trade-mark is used with other written or graphic material in the market place.

53. 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 trade-mark as registered is objectionable, and is very dangerous to the registrant*”. 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*”. This notion has since been repeated countless times by the Registrar in its decisions (or by the Federal Court on appeal of those decisions).

- *Honey Dew Ltd. v. Rudd*, [1929] Ex. C.R. 83 at para. 7 (MacLean, P.) [Tab 11]
- *Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 at 71 (F.C.A.) (MacGuigan, J.A.) [“*Promafil*”] [Tab 17]
- See *e.g. Smart & Biggar v. Laiterie Chalifoux Inc.*, 2010 TMOB 143 at para. 13 (Carrière, M.) [Tab 20]

54. This judicially expressed concern against variations and departures from the trade-mark as registered can again be explained by the necessity for trade-marks to maintain their integrity to be able to properly perform their function and not risk misleading consumers as to the source of a product or service to which they are

associated. Indeed, in the same *Promafil* decision, Mr. Justice MacGuigan noted that “Canadian law [...] emphasizes the maintenance of identity and recognizability and the preservation of dominant features”.

- *Promafil, supra* at 70 (F.C.A.) (MacGuigan, J.A.) [Tab 17]

55. However, the law has developed to take account of economic and technical realities and will therefore allow for some variations in the way a trade-mark 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.*”

- *Promafil, supra* at 71 (F.C.A.) (MacGuigan, J.A.) [emphasis added] [Tab 17]

56. As for the situation where a trade-mark would be used with additional material, as in the case with the OQLF’s requirement to add French generic language, the legal test to be applied is the following:

Use of a mark in combination with additional material constitutes use of the mark *per se* as a trade mark if the public, as a matter of first impression, would perceive the mark *per se* as being used as a trade mark. This is a question of fact dependent upon such factors as whether the mark stands out from the additional material, for example by the use of different lettering or sizing, or whether the additional material would be perceived as purely descriptive matter or as a separate trade mark or trade name. [references omitted; emphasis added]

- *Nightingale Interloc Ltd. v. Prodesign Ltd.* (1984), 2 C.P.R. (3d) 535 at 538 (T.M.O.B.) [Tab 16]

57. In both situations, the focus of the inquiry is on the consumer’s perception to ensure that the consumer can still recognize the trade-mark and associate the service or product to its source and not be misled.

58. In the context of S. 45 proceedings, one of the factors that the Registrar might take into consideration in determining whether a trade-mark was used as registered is the

fact that some variations or additions were made necessary by legislative requirements, such as packaging and labeling legislation or the French Charter. However, even if the Registrar is to consider legislative requirements in its assessment, such does not change the fundamental requirement that the main features of the trade-mark must be maintained and that the consumer must not be confused or deceived in any way:

The principle laid down by Maclean P. in the Honey Dew case, *supra*, and consistently followed thereafter is that the deviation be such as not to cause injury or deception to anyone.

In the reasons expressed the changes dictated by compliance with the law and the tasteful revision of the design to do so does not detract from the main features of the trade mark and accordingly are not such as to confuse or deceive the public in any way. The deviation in the present instance does not breach the principle laid down by Maclean P. in the Honey Dew case. [emphasis added]

- *Saccone & Speed Ltd. v. Canada (Registrar of Trade Marks)* (1982), 67 C.P.R. (2d) 119 at 128 (F.C.) (Cattanach J.) [Tab 19]

59. It is, in any event, not INTA's contention that the OQLF's interpretation and the requirement to add French generic language would lead in all instances to the trade-mark no longer being able to perform its linkage function properly, losing its distinctive character and thus, being at risk of being cancelled in S. 45 proceedings or otherwise (see below).

60. Rather, it is INTA's submission to this Court that there would be some instances where the OQLF's interpretation and its requirements could have precisely these severe consequences especially given 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 position, size, etc.

61. While it is difficult to anticipate all possible situations, it can readily be anticipated that some trade-marks would be more at risk such as very short trade-marks used in association with services that would require a longer French generic text to accurately describe those services. Such trade-marks would be more likely to have their integrity negatively impacted resulting in consumer confusion.

62. 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.

63. Another fictitious example would be that of a business selling car parts in several locations in Ontario in association with the trade-mark 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.

64. As soon as consumers begin to wonder whether they are at the right place and whether they might be dealing with another source, a trade-mark is no longer performing its core function properly and starts to lose its distinctiveness. As a result, trade-mark owners risk losing their rights in these invaluable assets while consumers risk being misled.

65. While trade-mark registrations are frequently challenged in the context of S. 45 proceedings as described above, a trade-mark registration could also be attacked directly in the Federal Court through S. 18(1)(b) invalidity proceedings on the basis that the trade-mark is no longer distinctive of its owner, that is, the trade-mark is no longer able to perform its function of linking one source to a service or product. It is noteworthy that the

Promafil decision of the Federal Court of Appeal discussed above was rendered in such a context rather than in the context of S. 45 proceedings.

- *Trade-marks Act, supra*, ss. 18(1)(b), 57 [Tab 7]

66. In conclusion, nothing has changed in the last decade since the Conseil concluded not only that the French Charter and its Regulation allowed the display of recognized trade-marks on public signs and posters exclusively in a language other than French without the need to add French generic language, but also accurately identified the various difficulties posed by the possibility of requiring that such generic language be added. In particular, we note that the relevant provisions of the French Charter and Regulation have not been amended. It is thus respectfully submitted by the Intervener that the OQLF's interpretation should be rejected and that the conclusions sought by INTA in its Declaration of Intervention dated March 15, 2013 ought to be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 2nd day of October, 2013.

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SCHEDULE

CHAPTER VII THE LANGUAGE OF COMMERCE AND BUSINESS

[...]

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

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. [emphasis added]

[...]

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

64. To obtain juridical personality, it is necessary to have a name in French

[...]

66. Sections 63, 64 and 65 also apply to names entered by way of declaration in the register referred to in Chapter II of the Act respecting the legal publicity of enterprises (chapter P-44.1).

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.

- *Charter of the French Language*, R.S.Q., c. C-11, ss. 58, 63-64 and 66-68 [emphasis added] [Tab 2]

**DIVISION III
PUBLIC SIGNS AND POSTERS AND COMMERCIAL ADVERTISING**

[...]

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;
- (2) a name of origin, the denomination of an exotic product or foreign specialty, a heraldic motto or any other non-commercial motto;
- (3) a place name designating a place situated outside Québec or a place name in such other language as officialized by the Commission de toponymie du Québec, a family name, a given name or the name of a personality or character or a distinctive name of a cultural nature; and
- (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. [emphasis added]

[...]

**DIVISION IV
EXPRESSION THAT MAY SPECIFY FIRM NAME**

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.

- *Regulation respecting the language of commerce and business, R.R.Q., c. C-11, r. 9, ss. 25 and 27 [emphasis added] [Tab 6]*