

Québec Superior Court ruling on English trademarks on storefront signs

THE CASE:

Magasins Best Buy Itée & Ors v Québec (Procureur général) & Ors
The Québec Superior Court
9 April 2014

The Québec Superior Court confirmed that English-only trademarks on public signs do not need to be accompanied by a French descriptor of the nature of the business.
Bereskin & Parr's Brigitte Chan reviews

The decision is the result of a motion filed by several retailers, Best Buy, Costco, Gap, Old Navy, Wal-Mart, Guess? Toys "R" Us and Curves, for a declaratory judgment on the interpretation of sections of the Charter of the French Language (Charter) and its regulations adopted under the Charter of the French Language (the Regulation), which related to trademarks and trade names displayed on signage. The Office québécois de la langue française (OQLF) had changed its interpretation of the Charter and the Regulation by drawing a distinction between trademarks and trade names on public signs. The OQLF considers the display of a trademark on signage to be the display of a trade name, thus requiring the addition of a French descriptor of the nature of the business to the trade name if it is not in French.

Since 1993, the Charter and the Regulation provide an exception for recognised trademarks, in that recognised trademarks within the meaning of the Trade-marks Act can appear in a language other than French, unless a French version of the mark is registered. Businesses have relied upon this exception to display English-only trademarks on signage without any additional descriptive term in French. However, in 2010, the OQLF took the position that a trademark on public signage is considered use of a name by a company to make itself known to the public, which constitutes a trade name or "firm name", in the general sense, conveyed in the Charter. As such, the 'firm name' must be accompanied by a French generic term according to Section 27 of the regulation that states: "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." The OQLF launched a campaign promoting its new interpretation that targeted all businesses, not just retailers, and by June 2013, the plaintiffs had received demand letters from the OQLF enjoining them to comply with the regulation or otherwise have their francization certificate suspended or cancelled. These certificates are issued by the OQLF when French is considered widely adopted at all levels of the business in compliance with the Charter.

Business owners struggled with the OQLF's new position, such that, on 9 October 2012, the motion was filed before the Québec Superior Court against the attorney general of Québec, representing the OQLF, for a declaratory judgement. The motion said displaying a non-French trademark on public signage is permitted when there is no registered French version of the trademark; such display does not contravene the Charter or its Regulation; and the OQLF may not suspend, revoke or refuse to renew francization certificates, or try to impose any other sanction on the sole basis of use non-French trademarks on public signage when no French version is registered.

The Retail Council of Canada (RCC) and the International Trademark Association (INTA) also intervened as interested parties. The RCC represents retailers across Canada, while INTA is an association of trademark owners, professionals and academics from around the world. Both organisations intervened to support and defend the interests of trademark owners. Additional issues raised by INTA include putting trademark registrations at risk

of cancellation if a French generic term is to be added to the registered trademark, and that the OQLF is blurring the lines between trademarks and trade names.

The ruling

On 9 April 2014, in a 55-page decision, Justice Michel Yergeau described the matter as stemming from the incessant search for a just equilibrium between the safeguard of the French language as the language of majority in Québec and the freedom to use other languages in Québec. The judge provided an historical overview of the various commissions assigned to study Québec's language issue and political debates since the late 1960s, leading to Bill 101, and to the ultimate adoption of the Charter of the French Language in 1997. The judge also discussed the 1988 Supreme Court of Canada decision, *Ford v Québec*, [1988] 2 SCR 712, that describes the goal of the Charter as to protect the French language and ensure that the reality of the Québec society is reflected in its linguistic image. The judge then remarked that, more than 25 years later, the quest for the just equilibrium remains.

After rejecting the attorney general's motion to have the action dismissed for lack of jurisdiction of the Superior Court, the court considered the motion for declaratory judgment at length by reviewing the relevant facts, legal framework and history of sections of the Charter, the regulation and the Act respecting the legal publicity of enterprises ("Publicity Act"), the concepts of trademarks and trade names, and the OQLF's previous interpretation of the Charter in the last two decades.

The attorney general's main argument

is that the display of a trademark on public signage equates to displaying a trade name, and therefore a French descriptor must be added thereto if it is not in French, as required under section 27 of the regulation. It relies on *Centre sportif St-Eustache v Procureur général du Québec*, 2009 QCCS 3307, where the court found that “Amusements Bowl-Mat” instead of just “Bowl-Mat” must be displayed on signs and advertisements by the bowling alley (‘amusements’ being the French descriptor, meaning ‘entertainment’). However, the court distinguished this decision by clarifying that it only dealt with a trade name that was not considered a recognised unregistered trademark, based on the evidence that was before the court.

The court further recognised that the Trade-marks Act also distinguishes a trademark and a trade name. The court reviewed various sections of the Trade-marks Act and cited the *In re Lyndale Farm* decision rendered by the US Court of Customs and Patent Appeals:

“Trademarks and trade name are distinct legal concepts within the ambit of the law of unfair competition. A trademark is a fanciful and distinctive, arbitrary and unique. A trade name may be descriptive, generic, geographical, common in the trade sense, personal, firm, or corporate. A trademark’s function is to identify and distinguish a product (or service), whereas a trade name’s function is to identify and distinguish a business.”¹

The court also referred to the Supreme Court of Canada’s *Veuve Clicquot*² and *Mattel*³ decisions, wherein the Supreme Court discusses the notion of the “casual consumer somewhat in a hurry” to measure whether a trademark is confusing or not,⁴ and trademarks as serving as a shortcut to direct consumers towards the business:

“The trademark owner, by contrast, may simply have used a common name as its ‘mark’ to differentiate its wares from those of its competitors. Its claim to monopoly rests not on conferring a benefit on the public in the sense of patents or copyrights but on serving an important public interest in assuring consumers that they are buying from the source from whom they think they are buying and receiving the quality which they associate with that particular trademark.”⁵

Accordingly, the court found that a trademark is a distinct legal concept governed by its own rules and differs significantly from a

trade name or firm name. The court also held that, in view of clear legislative provisions, one cannot, by interpretation, make a trademark displayed on public signage synonymous to a trade name or a firm name so as to impose the addition of a French descriptor.

“The judge also noted that it is not up to the court to regulate the protection of the French language, but that it is up to the legislator to do so within the scope of its political function.”

Further, in assessing the concept of trade names, the court reviewed various legislations dealing with company names, such as the Publicity Act. The attorney general’s position is that, since retailers registered their trademarks as “other names used in Québec” in accordance with the requirements of this Publicity Act, the trademarks are trade names and *ipso facto*, subject to the Charter and the Regulation. The court disagreed and stated that, while section 66 of the Charter requires that the name of an enterprise be in French, this provision does not extend to the Publicity Act which deals with the registration of any “other names used” by a company.

The court then reviewed the trademark exception under the regulation and rejected the attorney general’s position that displaying a trademark on signage equates to displaying a trade name, and thus requiring a French descriptor pursuant to Section 27 of the Regulation, as this would deprive all practical effect of the exceptions set out in the Regulation. The court stated that Section 27 is limited to a firm name and does not relate to public signage. The rule on public signage is provided at Section 58 of the Charter, with

a trademark exception thereto at subsection 25(4) of the Regulation.

Justice Yergeau further considered the Council of the French Language’s report in 2000 in response to the growing concern of businesses increasingly displaying English-only trademarks and the impact on Québec’s linguistic image. The council had come to the conclusion that the legal status quo should be maintained and no legislative measure should be implemented to oblige the addition of a French descriptor to non-French trademarks. The court also took into consideration that since 1993, retailers were able to obtain francization certificates and renewals thereof from the OQLF, despite displaying English-only trademarks without any descriptor in French – evidence that the OQLF implicitly recognised the good standing of retailers with regard to public signage.

The judge also noted that it is not up to the court to regulate the protection of the French language, but that it is up to the legislator to do so within the scope of its political function. However, businesses are free to voluntarily add a French generic term or slogan to their marks on signage, if they wish.

While many business owners may have been pleased by the court’s decision, the Québec government filed an appeal on 8 May 2014. It therefore remains an open question as to whether a French descriptor is required on signage bearing English-only trademarks.

Footnotes

1. 186 F 2d 723, p 726.
2. *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23.
3. *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22.
4. *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23, at par 20.
5. *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22, at par 21.

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