

## **Constitutionality of Canadian Trademark Legislation Revisited\***

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### **Abstract**

There are serious concerns regarding the currently accepted rationale for the validity of Canadian trademark legislation in terms of the division of legislative authority. That rationale is both unsound and inconsistent. This article helps to identify those problems and looks at alternative support for that validity. In doing so, this article also looks to overcome certain limitations on Parliament's legislative authority in the field—limitations that have been imposed by the currently accepted rationale.

### **Résumé**

De sérieuses préoccupations ont été soulevées relativement à la justification actuellement acceptée pour la validité de la législation canadienne sur les marques de commerce en termes d'autorité législative. Cette justification est discutable et incohérente. Le présent article aide à cerner ces problèmes et à envisager d'autres formes de soutien pour cette validité. Ce faisant, l'article examine aussi d'autres moyens de surmonter certaines limitations pour le pouvoir législatif du Parlement dans le domaine — limitations imposées par la justification actuellement acceptée.

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## 1.0 Introduction

This article revisits the validity of Canadian trademark legislation, including the overall registration scheme and the civil remedy for infringement found in the *Trademarks Act*.<sup>1</sup> Such validity is reviewed in terms of the division of legislative authority as between the federal Parliament and the provincial legislatures.<sup>2</sup>

While this article supports that validity, it does not do so on the basis of the currently accepted jurisprudence and rationale. With great respect, that rationale is unsound and too restrictive (as discussed in sections 2.0, 3.0, and 5.3). This article looks instead for support by means of alternate rationale and jurisprudence (as discussed in sections 4.0 and 5.0).

## 2.0 Some Concerns Regarding the Current Rationale for Constitutionality of Statutory Passing Off

### 2.1 Introduction

The Canadian Constitution does not expressly assign the subject of trademarks to the federal division of government.<sup>3</sup> The constitutionality of trademarks depends on the judicial

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<sup>1</sup> RSC 1985, c T-13. The spelling of the term “trademark” has changed over time. In the current statute, it has changed from the *Trade Marks Act* (in which “trademark” was spelled as two words) from 1953 to 1985, to the *Trade-marks Act* from 1985 to 2019, to the *Trademarks Act* as of 2019. Older forms of the term “trademark” may thus appear in this article in quotations from earlier years.

<sup>2</sup> That is, this article does not look at the constitutional validity of the *Trademarks Act* under the *Canadian Charter of Rights and Freedoms*.

<sup>3</sup> This is in contrast, for example, to the Australian constitution, (1900), 63–63 Vict, c 12 (UK), s 52(xviii), which expressly assigns jurisdiction over trademarks to the federal division.

interpretation of the Constitution. Much of that jurisprudence has focused on the constitutionality of the federal civil remedy in respect of classical passing off, namely, section 7(b) of the *Trademarks Act*. That jurisprudence shows that, for constitutional reasons, section 7(b) is limited in two respects: it applies only to cases (1) where a proper “trademark” is involved and (2) where that trademark has been properly “used,” as those terms are defined in the Act (as discussed below).

Subject to other jurisprudence and rationale (as discussed in sections 4.0 and 5.0 below), those two limitations seemingly lead to several inadvertent consequences: certain other federal trademark laws may also be partially or totally invalid; the legislative authority in respect of invalid federal laws is given to the provincial legislatures, awkwardly dividing the authority between the Parliament and provincial legislatures; and Parliament is improperly allowed to unilaterally shift that dividing line.

## **2.2 The Two Limitations**

The two limitations mentioned above were most prominently indicated by the Federal Court of Appeal in *BMW Canada Inc v Nissan Canada Inc* (2007).<sup>4</sup> (Hence, the overall jurisprudence calling for those two limitations is referred to herein as “the *BMW v Nissan* line of cases.”)

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<sup>4</sup> 2007 FCA 255 at paras 14–29, 60 CPR (4th) 181.

Coincidentally, the particular requirement of involving a “trademark” was also indicated by the Federal Court of Appeal in *Dumont Vins & Spiritueux Inc v Celliers du Monde Inc* (1992).<sup>5</sup> For example, the court in that case held:

[Section] 7(b) is valid in so far as the passing-off action is *connected to* a trade mark ... but that it would not be valid in a case such as the one at bar in which the passing off action ... is *not connected to* any trade mark.<sup>6</sup>

Without necessarily citing *Dumont*, but relying on the same constitutional jurisprudence,<sup>7</sup> the requirement of a proper “trademark” was also indicated by the Federal Court of Appeal in *Kirkbi AG v Ritvik Holdings Inc* (2003),<sup>8</sup> and the requirement was applied by that court in *Cheung v Target Event Production Ltd* (2010).<sup>9</sup> For example, in *Kirkbi*, Sexton JA, with Rothstein JA (as he then was), said:

I cannot endorse the separation of paragraph 7(b) from the definition of “trade-mark” ... in section 2 of the Act. ... [I]n order to use paragraph 7(b) a person must prove that they have a valid and enforceable trade-mark. ... To bring a passing-off action under the *Act*, one must have a valid trade-mark within the meaning of the Act. The definitions in section 2 of the Act are integral to any trade-mark passing-off action under paragraph 7(b) ...<sup>10</sup>

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<sup>5</sup> (1992), 42 CPR (3d) 197 at 209–211 (FCA).

<sup>6</sup> *Ibid* at para 38 [emphasis added].

<sup>7</sup> *MacDonald v Vapor Canada Ltd* (1976), [1977] 2 SCR 134, 22 CPR (2d) 1 [*Vapor*]; *Asbjorn Horgard A/S v Gibbs/Nortac Industries Ltd*, [1987] 3 FC 544, 14 CPR (3d) 314 at 328 (FCA).

<sup>8</sup> 2003 FCA 297 at paras 37–39, 93 (even the dissent at paras 98–99), [2004] 2 FCR 241, 26 CPR (4th) 1, reversing para 61 of the trial decision yet affirming paras 36–43 thereof: 2002 FCT 585, 20 CPR (4th) 224.

<sup>9</sup> 2010 FCA 255 at paras 19–20, 87 CPR (4th) 287.

<sup>10</sup> *Supra* note 8 (FCA) at para 38.

Similarly, at the Supreme Court of Canada in *Kirkbi* (2005), LeBel J, writing for the court, stated:

[T]he passing-off action protects unregistered trade-marks and goodwill enjoyed by the trade-marks. Section 7(b) is therefore *limited by the provisions of the Trade-marks Act* ...<sup>11</sup>

[Section 7(b) is] limited to trade-marks as defined in the Act (ss. 2 and 6).<sup>12</sup>

All of this is substantially based on the comments of Laskin CJ in *MacDonald v Vapor Canada Ltd* (1976).<sup>13</sup> In that case, the chief justice indicated that most of the causes of action within section 7 are likely valid, but not on their own; he expressed strong concerns in that regard.<sup>14</sup> He considered section 7 to be valid only on the basis that it seems to “round out” regulatory schemes prescribed by Parliament, including the trademark registration scheme. For example, Laskin CJ said:

The cases to which I have referred indicate *some association* of s. 7(a), (b) and (d) with federal jurisdiction in relation to patents and copyrights arising under specific heads of legislative power, and with its jurisdiction in relation to trade marks and trade names ...<sup>15</sup>

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<sup>11</sup> *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 at para 26, [2005] 3 SCR 302 [*Kirkbi*], per LeBel J [emphasis added].

<sup>12</sup> *Ibid* at para 33. The term “use” happens to appear within the definition of “trademark”; this explains why the same line of cases has required that a trademark be “used” (particularly, in accordance with the statutory definitions thereof, such as section 4).

<sup>13</sup> *Supra* note 7.

<sup>14</sup> See section 5.3 below.

<sup>15</sup> *Vapor*, *supra* note 7 at 157 [emphasis added].

Similarly, he later said:

I come back to the question whether s. 7, and particularly s. 7(e), can stand *as part of* the scheme of the *Trade Marks Act* and other related federal legislation.<sup>16</sup>

And:

It is said ... that s. 7, or s. 7(e), in particular, may be viewed *as part of* an overall scheme of regulation which is exemplified by the very Act of which it is a part [meaning the *Trade Marks Act*] and, also, by such related statutes in the industrial property field ...<sup>17</sup>

Still further, as part of his conclusion on the issue, he said:

Neither s. 7 as a whole, nor section 7(e), *if either stood alone and in association only with* s. 53,<sup>18</sup> would be valid federal legislation in relation to the regulation of trade and commerce ... . Section 7 is, however, *nourished* for federal legislative purposes in so far as it may be said to *round out* regulatory schemes prescribed by Parliament in the exercise of its legislative power in relation to patents, copyrights, trade marks and trade names. The subparagraphs of s. 7, *if limited in this way*, would be sustainable ...<sup>19</sup>

Such judicial wording of an impugned provision being sufficiently associated with (rounding out, linked to, or connected to) a statute reflects as many as three overlapping constitutional

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<sup>16</sup> *Ibid* at 159 [emphasis added].

<sup>17</sup> *Ibid* at 165 [emphasis added].

<sup>18</sup> Section 53 of the *Trade Marks Act*, RSC 1970, c T-10, was renumbered in 1994 as section 53.2. (This is the general civil remedy in respect of any acts done contrary to the Act. The section is reproduced in *Vapor*, *supra* note 7 at 141.)

<sup>19</sup> *Vapor*, *supra* note 7 at 172 [emphasis added].

principles.<sup>20</sup> While I have concerns regarding those principles, the focus of this article is the weak application of those principles and the search for an alternate rationale.

The two judicially imposed limitations in the field have further significance in that they may also lead to limitations on the jurisdiction of the Federal Court. It has been ruled that it is a statutory court, not a court of inherent jurisdiction.<sup>21</sup> Such jurisprudence thus indicates that the court's jurisdiction is restricted to statutory laws enacted by Parliament, and that limitations on that legislative authority represent limitations on the jurisdiction of the court it created.<sup>22</sup> If Parliament's jurisdiction is reconsidered as being broader (as discussed in this article), the jurisdiction of the Federal Court could also be broader on that basis.

One slight break in the above-mentioned line of cases is the decision of Phelan J in *JAG Flocomponents NA v Archmetal Industries Corporation* (2010).<sup>23</sup> He demonstrated a more instinctive approach in indicating that civil remedies regarding any trademarks, valid or invalid (proper or improper), fall within the federal domain. In *JAG Flocomponents*, the defendants had attempted to defend the claim for trade libel under section 7(a) by arguing that the case did not involve a proper "trademark" because the plaintiff's mark had been ruled invalid. This defence

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<sup>20</sup> Such wording constitutes an "indicium" under the trade and commerce power, a component of the ancillary doctrine, and a factor in assessing the validity of federal civil remedies in general, all as discussed, for example, in *Kirkbi*, *supra* note 11 at paras 14, 17, 20–23, 27, 32–36.

<sup>21</sup> *Supra* note 8 (FCT) at para 38. See also *Quebec North Shore Paper v CP Ltd* (1976), [1977] 2 SCR 1054 at 1057–1066.

<sup>22</sup> *Ibid.*

<sup>23</sup> 2010 FC 627, 84 CPR (4th) 323, *aff'd* on other grounds 2011 FCA 235.

was rejected, even though the mark was recognized as not being valid.<sup>24</sup> Phelan J rejected this defence (without openly challenging the *BMW v Nissan* line of cases) by stating:

It is integral to the integrity of the Canadian system that [even] *non-recognized* marks not be used in this manner [namely, in this case, to commit trade libel].<sup>25</sup>

But again, the weight of the above-mentioned authorities is to the contrary, even those involving section 7(a). Pursuant to the *BMW v Nissan* line of cases, this provision, like section 7(b), has been found to validly apply only to misrepresentations regarding “trademarks” (or patents or copyrights).<sup>26</sup> This line of cases has continued into 2021.<sup>27</sup>

### 2.3 Concerns Regarding the Two Limitations

This section presents a more detailed discussion of the concerns regarding the limitations discussed above, namely, that the matter must involve a proper “trademark” that has been “used.”

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<sup>24</sup> For example, Phelan J said it had been “‘poisoned’ as a viable mark”: *ibid* at para 80.

<sup>25</sup> *Ibid* at para 118 [emphasis added]; see also paras 61, 80, 104–105, 116–118. The point was noted, for example, in David Vaver, *Intellectual Property Law: Copyright, Patents, Trade-Marks*, 2nd ed (Toronto: Irwin Law, 2011) at 427.

<sup>26</sup> *Canada (Canadian Copyright Licensing Agency) v Business Depot Ltd*, 2008 FC 737 at paras 26–33 (per Montingy J), referring to the obiter in *Vapor*; and applied in *Corocord Raumnetz GMBH v Dynamo Industries Inc*, 2016 FC 1369 at para 41.

<sup>27</sup> See, e.g., *Hidden Bench Vineyards & Winery Inc v Locust Lane Estate Winery Corp*, 2021 FC 156 at paras 32–45.



### 2.3.1

The requirement that the matter must involve a proper “trademark” leads to the curious result that, while the law of passing off involving a proper trademark (registered or not) is considered to constitute a federal matter, the law of passing off in cases that do not involve a proper “trademark” is not.

A simple example will illustrate. The law of passing off encompasses cases where confusion is caused by the overall impression formed by the packaging and markings on a product, even if none of those individual markings would qualify as a proper “trademark.”<sup>28</sup> Confusion can still be caused, and trade can still be unfairly diverted. It is hard to see how one of those types of passing off constitutes subject matter falling within that federal domain while the other does not.

To further explain, the bulk of legislative authority is divided between the federal Parliament and the provincial legislatures pursuant to sections 91 and 92 of the *Constitution Act, 1867*.<sup>29</sup>

Legislation is authorized under either section 91 or section 92 if it is “in relation to” a “matter” that comes within one of the “classes” enumerated therein. Thus, the constitutional classification of a law under sections 91 and 92 of the *Constitution Act, 1867* depends on the “matter” of the legislation.

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<sup>28</sup> Other examples are found in the *BMW v Nissan* line of cases, discussed in section 2.2 above. In many of those cases, the claim failed because the plaintiff did not have a proper trademark. But imagine if the plaintiff had nevertheless established confusion resulting in trade being unfairly diverted by the defendant. This article raises the concern that this line of cases would again constrain the court to throw out any claims under the *Trademarks Act*.

<sup>29</sup> (UK), 30 & 31 Vict, c 3, reprinted in RSC 1985, Appendix II, No 5.

As to some of the “classes,” section 92(13) provides the provincial legislatures with exclusive legislative authority regarding “Property and Civil Rights in the Province,” while section 91(2) provides Parliament with exclusive legislative authority regarding “The Regulation of Trade and Commerce” (referred to herein as “the trade and commerce power”).

As to the issue of identifying the “matter” of the legislation, “the court considers the law’s purpose and its effect with a view to identifying the true subject matter—the *pith and substance*—of the law in question.”<sup>30</sup> In the field of trademarks and unfair competition, there are numerous prohibitions and causes of action that overlap, but generally these laws feature one or more of the following interrelated foundational purposes or objectives:

1. prospective purchasers should not be deceived;
2. damage should not be caused to the signification or distinctiveness of marks, especially to the ability to signify goods or services as coming from a particular source or as having a particular quality (sometimes referred to herein as “signification”); and

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<sup>30</sup> *Reference re Pan-Canadian Securities Regulation*, 2018 SCC 48 at para 86, [2018] 3 SCR 189 [*Pan-Canadian Securities Reference*] [emphasis in original].

3. business goodwill (income goodwill, trade) should be protected from unfair diversion or damage, especially so as to encourage the development of good-quality products and services.<sup>31</sup>

It is thus immediately hard to see how the purpose and effect (pith and substance) of passing off in cases involving a proper “trademark” is a matter coming within “The Regulation of Trade and Commerce” while passing off in cases that do not involve a proper “trademark” is not. One would think that both forms of passing off would constitute the same matter for such classification purposes. This is discussed further in this article.

### 2.3.2

The corollary of saying that a certain legislative power falls outside the federal domain (as in cases not involving proper “trademarks”) is that the power falls within the provincial domain.

This flows from the fact that the division of legislative authority under the *Constitution Act, 1867* was intended to be exhaustive; there should be no “gap” in legislative authority (except where constitutionality is denied to both levels of government, for instance, by the *Charter of Rights and Freedoms*).<sup>32</sup> If the legislative authority does not fall within a power specifically assigned to Parliament under section 91 (such as trade and commerce), and if the matter can be considered as

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<sup>31</sup> All three objectives are supported by the authorities, including *Kirkbi*, *supra* note 11 at paras 35, 39; see also text accompanying *infra* at note 237, and Tony Bortolin, “Foundational Objectives of Laws Regarding Trademarks and Unfair Competition” (2017) 107 TMR (INTA) 980.

<sup>32</sup> For example, as indicated by the Supreme Court of Canada in *Reference Re Securities Act* (2011): “Such a gap is constitutional anathema in a federation”: 2011 SCC 66 at para 83, [2011] 3 SCR 837 [*Securities Reference*]. See also *ibid* at paras 81, 87.

falling within section 92(13) regarding property and civil rights, then it falls within the provincial domain. And there were strong indications by the Supreme Court of Canada in *Kirkbi*<sup>33</sup> and in *Vapor*<sup>34</sup> that civil remedies such as section 7(b) of the Act *prima facie* come within that provincial power.

Returning to the example of passing off being caused by the totality of unregistrable markings, the legislative authority in that regard somehow falls within the provincial domain, at least according to the currently accepted jurisprudence.<sup>35</sup>

Another example would be the legislative authority regarding passing off involving marks or features of shape that are “purely functional” (design marks which embody a utilitarian feature in the patentable sense). The courts in the *Kirkbi* decisions<sup>36</sup> held that those marks cannot constitute proper “trademarks” and that the functional shaping of the plaintiff’s legal blocks failed in that regard. This ruling combined with the “gap” principle mentioned above leads to the notion that the ability to legislate in respect of passing off involving such purely functional marks falls in the

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<sup>33</sup> *Kirkbi*, *supra* note 11 at paras 20, 23; for example, LeBel J said that section 7(b) “essentially codifies” a common-law tort; “[s]tanding alone it appears to encroach on provincial power.” See also *General Motors*, *infra* note 76 at 672.

<sup>34</sup> *Vapor*, *supra* note 7 at 147, 156; for example, Laskin CJ said, at 156, “the Parliament of Canada has, by [section 7], either overlaid or extended known civil causes of action, cognizable in the provincial courts and *reflecting issues falling within provincial legislative competence*” [emphasis added]; at 165, “existing tort liability, cognizable in provincial Courts as *reflective of provincial competence*,” [emphasis added]; and at 172, “The position which I reach in this case is this. Neither s. 7 as a whole, nor section 7(e), if either stood alone and in association only with s. 53, would be valid federal legislation . . . . There would, in such a situation, be a *clear invasion of provincial legislative power*” [emphasis added].

<sup>35</sup> Again, a fuller review is provided in sections 4.0 and 5.0 below.

<sup>36</sup> *Kirkbi* (SCC), *supra* note 11 at paras 40–55; *supra* note 8 (FCA) at 13–20, 35, 38–55.

provincial domain (again, within section 92(13) regarding property and civil rights—subject to an alternate rationale for judging it to fall in section 91). The *Kirkbi* decisions did not spell out this consequence, but they clearly held that the plaintiff’s mark did not constitute a proper “trademark,” as was needed for the cause of action to fall within the currently accepted constitutional scope of section 7(b) of the *Trademarks Act* under section 91(2) of the *Constitution Act, 1867*. For example, the Federal Court of Appeal in *Kirkbi* stated:

In *Asbjorn Horgard* ... this Court [quoted from Laskin CJ in *Vapor* and] determined that paragraph 7(b) was *intra vires* Parliament because it fitted into the overall trade-marks scheme, an area over which Parliament had jurisdiction to legislate.<sup>37</sup>

And:

The appellants’ action is grounded in paragraph 7(b) and hence, to succeed, *the appellants must establish that they have a trade-mark within the meaning of the Act*. If the doctrine of functionality prevents a mark from being a trade-mark under the Act, then the appellants cannot prevail.<sup>38</sup>

It is understood that the *Kirkbi* decisions preclude plaintiffs from asserting passing off in such cases at common law, and even under section 7(b), insofar as that provision may be interpreted as merely codifying the common law. The scope of the common law obviously falls within the domain of the courts, and thus there is no challenge here to their ability to restrict the scope of the cause of action at common law. But the courts cannot preclude the possibility of legislation

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<sup>37</sup> *Supra* note 8 (FCA) at para 38 [emphasis added].

<sup>38</sup> *Ibid* at 39 [emphasis added].

explicitly authorizing such cause of action.<sup>39</sup> This is not to call for such legislation to be enacted. It is simply to draw attention to the questionable manner in which the subject of passing off is carved up between Parliament and the provincial legislatures according to the currently accepted rationale for the constitutionality of federal trademark legislation.<sup>40</sup>

### 2.3.3

The concern resulting from the first limitation is compounded by the existence of the second limitation, namely, that the trademark must have been “used.” On the basis of the case law discussed above, the ability to enact a civil remedy in respect of cases not meeting that requirement could also fall within provincial jurisdiction. In other words, the *BMW v Nissan* line of cases effectively indicates that such cases could somehow be regulated by the provincial legislatures, even though those cases may involve a “trademark” that is proper except for the fact that it has not been “used.”<sup>41</sup> But this contradicts the notion that the legislative authority in respect of proper “trademarks” belongs to Parliament.

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<sup>39</sup> Unless the legislation prohibits the *Charter of Rights and Freedoms* or some other unknown constitutional principles that might prohibit both divisions of government from enacting it.

<sup>40</sup> The example of passing off involving functional marks inadvertently being judged to fall within the provincial domain is especially bizarre considering that Parliament has an express power in respect of patents (pursuant to section 92(22) of the Constitution) and should thus be able to legislate regarding functional trademarks (whether in a patent statute or another statute such as the *Trademarks Act*).

<sup>41</sup> Theoretically, one solution would be that the legislative authority regarding trademarks is not exclusive as between the two divisions of government. This solution would be based on the modern notion that federal and provincial legislation under sections 91 and 92 can overlap. However, the notion of overlap is entirely suspect because the modern jurisprudence is based on various misunderstandings of earlier jurisprudence and because sections 91 and 92 of the *Constitution Act, 1867* expressly call for those legislative powers to be exclusive.

To further explain, recall that the *BMW v Nissan* line of cases purports to limit Parliament's legislative authority in the field of trademarks to cases involving proper "trademarks" that have been "used." This jurisprudence leads to the questionable result that *the provincial legislatures* have legislative authority in cases involving proper "trademarks" that have *not* been "used."

### 2.3.4

Another concern is with the limitations on Parliament's authority in the field of trademarks is that the limitations rely, at least to some extent, on the terms "trademark" and "use" as they are defined in the *Trademarks Act*.<sup>42</sup> But those definitions are enacted by Parliament, which means that they can be amended by Parliament. So, this jurisprudence leads to the questionable result that Parliament can effectively amend the scope of its own legislative authority. But this is contrary to the longstanding constitutional principle that neither Parliament nor the provincial legislatures can unilaterally expand or contract their own legislative authority.<sup>43</sup>

### 2.3.5

It is also questionable whether the courts in the *BMW v Nissan* line of cases properly applied the constitutional principle of "reading down" legislation. The principle was not extensively discussed in those cases but it is simple enough: When legislation is challenged for invalidity, a

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<sup>42</sup> For example, as expressly stated in the excerpt from *Kirkbi* (FCA), *supra* note 38: "to succeed [under section 7(b)], the appellants must establish that they have a trade-mark *within the meaning of the Act*" [emphasis added]. See also the excerpts at notes 10–12.

<sup>43</sup> For example, in *A-G Can v Can Nat Transportation* (1983), [1983] 2 SCR 206 at 235 [*Can Nat Transportation*], Laskin CJ said that one division of government "cannot of itself determine where that constitutional authority lies." And in *Severn v The Queen* (1878), 2 SCR 70 at 117, Fournier J said that "the Dominion, no more than the Provinces, can increase its jurisdiction by its own legislation."

court can sometimes salvage the legislation by narrowing or “reading down” its application; if the impugned legislation is capable of different interpretations, one being valid and another not, the court can assume that the legislative body had intended the version which is valid (but without the court going to the extent of effectively redrafting it).<sup>44</sup> Thus, the broad, literal wording of section 7(b) has effectively been read down, or constitutionally interpreted as not having been intended by Parliament to apply to non-trademarks, on the assumption that the subject matter of non-trademarks is beyond Parliament’s legislative authority.

But did Parliament truly intend to limit section 7(b) to cases involving proper “trademarks” that have been “used”? Parliament did not use those terms in section 7(b). In fact, the Federal Court of Appeal has itself ruled on occasion (separate from the issue of Parliament’s constitutional authority in the field) that the definitions of “use” (including in section 4 of the Act) were probably not intended to apply to section 7(b).<sup>45</sup>

Such reading down is especially questionable when contrasted with the 1879 US decision in which the first US federal statute was struck down instead of being read down. In *Trade-Mark Cases*,<sup>46</sup> the US Supreme Court observed that Congress was constitutionally restricted in certain respects (particularly in terms of certain inability to deal with intrastate trademark usage). The court did not read down the trademark statute (as if it applied only to interstate and international

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<sup>44</sup> See, e.g., *Council of Natural Medicine College of Canada v College of Traditional Chinese Medicine Practitioners and Acupuncturists of BC*, 2013 FC 287 at para 53 (Rennie J); PW Hogg, *Constitutional Law of Canada*, 5th ed, vol 2 (Toronto: Carswell, 2007) (loose-leaf) section 15.7.

<sup>45</sup> *Enterprise Rent-A-Car Co v Singer*, 1998 CanLII 7405 at paras 3–7, 79 CPR (3d) 45 (FCA).

<sup>46</sup> 100 US 82 (1879).



usage), but instead ruled that the entire statute entirely invalid. Again, the reading down of section 7(b) in Canada is questionable, and it would be good to consider some alternate rationale for the validity of such legislation.

### 2.3.6

Taken together, the concerns discussed above cast a cloud over the validity of other important provisions of the Act, including the following:

- Section 20(1)(a), the infringement provision, is one of the Act's most critical provisions, but it may be partially or totally invalid according to the jurisprudence discussed above. For example, pursuant to the amendments effective June 17, 2019, registrations can be granted for marks that have not yet been "used,"<sup>47</sup> and thus the civil remedy under section 20 for enforcing such registrations seems to fail to satisfy the judicial requirement of "use," at least in cases where the subject mark has not been "used." It is also hard to see how section 20 could be safely read down to salvage at least part of the provision (in those cases involving "use") when it was clearly intended by Parliament to apply to registrations for marks that have not been "used." Section 20 also prohibits certain activities comprising advertising or displaying of marks, and thus those activities might also fail to constitute "use." And does the civil remedy for infringement of a trademark that has not been used truly constitute a different

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<sup>47</sup> Especially ss 330, 339, 345 of the *Economic Action Plan 2014 Act, No 1*, SC 2014, c 20 (brought into force effective 17 June 2019).

constitutional “matter” such that it was intended by the framers of the Constitution to separately fall in the domain of the provincial legislatures?<sup>48</sup>

- Sections 9 and 10,<sup>49</sup> together with section 11, focus on certain special marks or signs, such as government marks, official flags, the Red Cross, and the likenesses or signatures of individuals.<sup>50</sup> On the basis of the *BMW v Nissan* line of cases, such legislation may be invalid or otherwise overreach because such signs would not always qualify as “trademarks” that have been “used.” In addition, those provisions appear to overreach (again according to the *BMW v Nissan* line of cases) because they expressly prohibit the adoption of such signs “as a trademark *or otherwise*.”
- Section 7(d) raises similar concerns. The wording of the provision encompasses cases in which a defendant misrepresents, for example, the quantity or quality of its own goods. Such misrepresentations can obviously be made without involving any trademark of the plaintiff or honest competitor (let alone any proper “trademark” of either party, or any trademark that has been properly “used”). Similarly, the federal *Competition Act* purports to allow a person to sue for damages caused by someone who, “for the purpose of promoting ... the supply or use of a product or for the purpose of

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<sup>48</sup> Along the lines of the discussion in section 2.3.2 above.

<sup>49</sup> The validity of such provisions has been accepted in certain lower court rulings such as *Council of Natural Medicine College of Canada*, *supra* note 44, although such rulings do not appear to have fully explored the concerns discussed in this article. Even the decision of Rennie J focused on the validity of the actual prohibitions rather than the civil remedy for their breach.

<sup>50</sup> Section 53.2 of the statute permits claims for civil remedies for the misuse of such marks just as it permits claims for violations of section 7(b).

promoting ... any business interest, by any means whatever, makes a representation to the public that is false or misleading in a material respect.”<sup>51</sup>

All such provisions are at risk of being invalidated in their entirety pursuant to the currently accepted jurisprudence.

### **3.0 Some Concerns Regarding the Current Rationale for the Basic Constitutionality of Trademark Legislation**

#### **3.1 Introduction**

Many believe that the decision of the Supreme Court of Canada in *Kirkbi*<sup>52</sup> resolved the long-term uncertainty over the validity of the Canadian trademark registration scheme. For example, it has been said that the validity of such trademark legislation was “decided” and “finally laid to rest.”<sup>53</sup>

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<sup>51</sup> RSC 1985, c C-34, ss 36(1), 74.01(1)(a). See also *Consumer Packaging and Labelling Act*, RSC 1985, c C-38, ss 7(1), 9(1).

<sup>52</sup> *Supra* note 11.

<sup>53</sup> Kelly Gill, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed (Toronto: Carswell, 2006) (loose-leaf, release 1) sections 2.1 to 2.2, especially at 2-3, 2-20; see also Roger T Hughes, *Hughes on Trade Marks*, 2nd ed (Markham, ON: LexisNexis) (loose-leaf, 2009 release) at § 4 n 4; *Robic—Canadian Trade-marks Act Annotated* (Toronto: Carswell) (loose-leaf, February 2009 release) at 1-1 (indicating its validity under section 91(2) is “generally accepted”); Vaver, *supra* note 25 at 45; PW Hogg, *Constitutional Law of Canada* (Toronto: Carswell, 2012) (loose-leaf, release 1) section 20.3 at 20-17 to 20-18. This reading of *Kirkbi*, as to the validity of the Act, has also been indicated judicially, as in *Council of Natural Medicine College of Canada*, *supra* note 44 at para 51.

Nevertheless, there are concerns whether *Kirkbi* in fact decided the validity of trademark legislation for all purposes. Such concerns are at least relevant to the ability to assess the validity of other trademark legislation pursuant to the rationale set forth in *Kirkbi*. For example, recall that the civil remedy pursuant to section 7(b) was ruled to be valid but not on its own, and the civil remedy pursuant to former section 7(e) was ruled in *Vapor* to be completely invalid. So how would the civil remedy based on section 20 fare, or the provisions of section 9? And what about any existing or future trademark provisions outside the *Trademarks Act*, such as the *Olympic and Paralympic Marks Act*?<sup>54</sup>

It is true that the validity of the *Trademarks Act* was put into issue implicitly in *Kirkbi*. In that case, LeBel J stated, twice, that the court must “determine whether the *Trade-marks Act* is valid.”<sup>55</sup> The decision includes a subheading that reads, “The Validity of the Federal *Trade-marks Act*.” It also contains a number of references to the “federal jurisdiction in relation to trade-marks”<sup>56</sup> and an excerpt from the decision in *Asbjorn Horgard A/S v Gibbs/Nortac Industries Ltd* (1987),<sup>57</sup> indicating that all five of the constitutional indicia (discussed below in

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<sup>54</sup> SC 2007, c 25. Section 3(1) provides: “No person shall adopt or use in connection with a business, as a trademark or otherwise, an Olympic or Paralympic mark.”

<sup>55</sup> *Kirkbi*, *supra* note 11 at paras 27–28.

<sup>56</sup> *Ibid* at paras 19, 26, 34 (see also paras 18 and 28 in quoting from the *Asbjorn* case).

<sup>57</sup> [1987] 3 FC 544 at 559, 14 CPR (3d) 314 (FCA).

section 3.2) had been verified in the Act.<sup>58</sup> The court also expressly concluded “that s. 7(b) lies within the federal government’s legislative competence.”<sup>59</sup>

However, despite all of this, there was no clear conclusion in the decision that the Act itself is valid.<sup>60</sup> Perhaps the omission was intentional if not all members of the court agreed on the issue.<sup>61</sup> LeBel J did not even state any approval of the above-mentioned excerpt from *Ashjorn* as to the validity of the overall Act. LeBel J said that the validity of the trademark statute “has never been conclusively determined.”<sup>62</sup> In section 5.0 of this article, I argue that the validity of the Act has already been determined, but in this section I focus on the possibility that its validity was not necessarily determined in *Kirkbi* and, even if it was, it was done on questionable grounds.

It is conceivable that a future panel of the Supreme Court could read *Kirkbi* as if the validity of the Act had not actually been decided in that case, or that it had been decided only as between the parties. In the decision, LeBel J indicated that (1) the constitutionality of the Act “as a

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<sup>58</sup> *Kirkbi*, *supra* note 11 at para 28; and see the text accompanying *supra* note 20.

<sup>59</sup> *Ibid* at para 36.

<sup>60</sup> It is true that the first sentence of para 32 of *Kirkbi* uses the phrase “the otherwise valid statute,” but in context this was not necessarily a reference to the trademark statute. Rather, the court was simply reiterating the next step under the “ancillary doctrine” and otherwise continuing with the assumption that the Act was valid as between the parties, as discussed next.

<sup>61</sup> This is especially possible considering that the division of legislative authorities has been a highly contentious issue in Canada dating back to pre-Confederation.

<sup>62</sup> *Kirkbi*, *supra* note 11 at para 19.

whole” (the registration scheme) was not challenged,<sup>63</sup> and (2) “[t]he parties *do not dispute* Parliament’s constitutional power to regulate *registered* trade-marks.”<sup>64</sup> From this basis, the decision proceeded instead to address the specific challenge to the validity of section 7(b) of the Act. The provision’s validity was challenged simply on the basis, discussed above,<sup>65</sup> that the provision was “not linked or connected in any way to [or sufficiently associated with] the trade-mark registration scheme in the Act,”<sup>66</sup> as required by certain constitutional jurisprudence.<sup>67</sup> That is, the decision could be read as if the court assessed the validity of the provision on the assumption that the registration scheme is valid.

Consider also that much of the support in *Kirkbi* for the validity of section 7(b) directly or indirectly relies on Laskin CJ’s comments in *Vapor*;<sup>68</sup> however, those comments were based on the same presumption as in *Kirkbi*. Laskin CJ in *Vapor* clearly said:

No attack has been made on the *Trade Marks Act* as a whole, and the validity of its provisions in so far as they deal with trade marks is not in question.<sup>69</sup>

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<sup>63</sup> *Ibid* at para 19.

<sup>64</sup> *Ibid* at para 28 [emphasis added].

<sup>65</sup> See the text accompanying *supra* notes 13–19.

<sup>66</sup> *Kirkbi*, *supra* note 11 at para 14. In fact, the focus of the decision was even narrower in that section 7(b) was only challenged as to whether it covered passing off by means of a certain type of unregistered trademark, and thus the decision focused on whether legislation of such unregistered marks was sufficiently associated with—and should fall within the same domain as—the legislation of registered marks. *Ibid* at para 29; see also para 28.

<sup>67</sup> See the text accompanying *supra* note 20.

<sup>68</sup> As discussed throughout this article.

<sup>69</sup> *Vapor*, *supra* note 7 at 158–159.

The only legislation impugned in *Vapor* was section 7(e) of the Act,<sup>70</sup> and its validity was assessed on its own. The other provisions of the Act, including the registration scheme, were “admittedly valid.”<sup>71</sup> Thus, the validity of the registration scheme was not actually judged in *Vapor*.

Further uncertainty can be raised regarding the validity of the *Trademarks Act* (pursuant to the rationale in *Kirkbi*) in light of the decision of the Supreme Court in *Securities Reference* (2011),<sup>72</sup> in which a proposed federal regulatory scheme regarding securities was deemed not to satisfy the “indicia” of validity under the federal trade and commerce power. Those indicia are discussed next.

### 3.2 The *General Motors* Trade and Commerce Indicia

According to the constitutional jurisprudence to date, the trade and commerce power has two “branches.” They were initially indicated by Sir Montague Smith on behalf of the Judicial Committee of the Privy Council in *Citizens’ Insurance Company v Parsons* (1881).<sup>73</sup> One of them is known as the “general branch.”<sup>74</sup>

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<sup>70</sup> Section 7(e), which was then in force, is reproduced in section 3.2.2 below.

<sup>71</sup> *Vapor*, *supra* note 7 at 159.

<sup>72</sup> *Supra* note 32.

<sup>73</sup> (1881), 7 AC 96 at 113 (PC) [*Parsons*]. See also *Vapor*, *supra* note 7 at 162–164, where Laskin CJ referred to the general branch as a “category.” See also the other authorities in this section.

<sup>74</sup> The other branch is discussed in the text accompanying *infra* note 159.

LeBel J indicated in *Kirkbi* that, for federal legislation to be valid under the general branch, the court must consider the following five factors, hallmarks, or “indicia”:

1. the impugned legislation must be part of a regulatory scheme;
2. the scheme must be monitored by the continuing oversight of a regulatory agency;
3. the legislation must be concerned with trade as a whole rather than with a particular industry;
4. the legislation should be of a nature that provinces jointly or severally would be constitutionally incapable of enacting; and
5. the failure to include one or more provinces or localities in a legislative scheme would jeopardize the successful operation of the scheme in other parts of the country.<sup>75</sup>

These indicia were principally developed and enunciated by Dickson CJ in *General Motors v City National Leasing* (1989),<sup>76</sup> and thus are referred to herein as “the *General Motors* indicia.”

While the trademark registration scheme should be valid on other grounds,<sup>77</sup> it is proposed that such legislation possibly fails to satisfy some of these indicia. This is discussed under the next headings.

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<sup>75</sup> *Kirkbi*, *supra* note 11 at paras 15–17; confirmed in *Securities Reference*, *supra* note 32 at paras 76–85, and in *Pan-Canadian Securities Reference*, *supra* note 30 at paras 101–103.

<sup>76</sup> *General Motors v City National Leasing*, [1989] 1 SCR 641 [*General Motors*].

<sup>77</sup> See sections 4.0 and 5.0 below.



### 3.2.1 Possible Failure to Satisfy Indicium 2 (Federal Monitoring and Enforcement)

While it seems safe to say that the trademark registration scheme is “regulatory” in nature for the purposes of satisfying indicium 1,<sup>78</sup> it is questioned whether the trademark registration scheme satisfies indicium 2. (Again, even if that has been conclusively determined in *Kirkbi* with respect to the trademark registration scheme, the question may still need to be assessed regarding such provisions as the civil remedies for infringement.)

Perhaps it can be said that the granting and cancelling of registrations constitutes “monitoring” by the Canadian Intellectual Property Office (CIPO), the federally appointed agency under the *Trademarks Act*. But CIPO does not monitor the actual misuse of those registered trademarks, let alone the misuse of unregistered marks.

In addition, there are several direct comments in *Vapor* regarding section 7 of the trademark statute (including section 7(b), which encompasses unregistered trademarks)) including each of the following:

In the absence of any federal regulatory administration *to oversee* the prescriptions of s. 7, there is no basis in federal power to justify such legislation.<sup>79</sup>

In the absence of any regulatory administration *to oversee* the prescriptions of s. 7 ... I cannot find any basis in federal power to sustain the *unqualified* validity of s. 7 as a whole or s. 7(e) taken alone.<sup>80</sup>

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<sup>78</sup> As indicated in *Kirkbi*, *supra* note 11 at paras 25, 28.

<sup>79</sup> *Vapor*, *supra* note 7 at 135 [emphasis added].

<sup>80</sup> *Ibid* at 156 [emphasis added].

What is evident here is that the predatory practices [of section 7] are not under administrative regulation of a competent federally-appointed agency ...<sup>81</sup>

Its enforcement is left to the chance of *private* redress without public monitoring ...<sup>82</sup>

[Section 7] has not been brought under a regulatory authority in association with the scheme of public control operating upon trade marks.<sup>83</sup>

Such comments are significant in that the very formulation of indicia 1, 2, and 3 by Dickson CJ was based on such comments by Laskin CJ.<sup>84</sup> In other words, it was effectively indicated in *Vapor* that section 7 did not satisfy indicium 2.<sup>85</sup> It is thus difficult to see how the trademark scheme satisfied (or would satisfy) that indicium.

Such comments in *Vapor* are also significant in that they could just as well be made in respect of the other prohibitions in the Act, including section 20 regarding the infringement of registered trademarks. As with the civil remedies based on violations of section 7, violations of section 20

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<sup>81</sup> *Ibid* at 158.

<sup>82</sup> *Ibid* at 165 [(emphasis added)].

<sup>83</sup> *Ibid* at 167. In addition, Bruce Ryder commented (in “The End of Umpire? Federalism and Judicial Restraint” (2006) 34 SCLR (2d) 345 at 359–360) as follows: “the oversight of the Registrar of Trade-marks does not relate to” unregistered trade-marks; in that regard, there is an “absence of a regulatory oversight.” (Ryder was counsel helping with the partial challenge to the validity of section 7(b) in *Kirkbi*.)

<sup>84</sup> As indicated in *Can Nat Transportation*, *supra* note 43 at 267–268, 274–275, as confirmed in *Kirkbi*, *supra* note 11 at para 16, and *Securities Reference*, *supra* note 32 at para 76.

<sup>85</sup> While Laskin CJ ultimately indicated in *Vapor* that certain prohibitions in section 7 (including section 7(b) regarding unregistered marks) may indeed have some validity, this was solely on the basis of such prohibitions being “nourished ... in so far as it may be said to round out” the trademark regulatory scheme (as discussed in the text accompanying *supra* notes 13–19). The comments in *Vapor* do not indicate that the trademark regulatory scheme would satisfy what was later described by Dickson CJ as indicium 2, namely, that legislation is publicly monitored and enforced.

are enforced, not by the registrar of trademarks, but substantially by civil proceedings.<sup>86</sup> So, if indicium 2 was not satisfied in respect of section 7(b), it is hard to see how it would be satisfied by section 20.

If anything, the legislation with regard to registered marks actually goes the other way. It is commonly known that if a trademark registration is not properly monitored and enforced privately, the *Trademarks Act* does not call for the exclusivity to be monitored and enforced publicly, but instead makes it vulnerable to cancellation.<sup>87</sup>

It is also questionable whether the registrar oversees the misuse of official marks under section 9 or the misuse of registered marks.

It is true that, elsewhere in *Vapor*, Laskin CJ said that the trademark statute features “administrative controls,”<sup>88</sup> thereby suggesting the registration provisions do satisfy indicium 2, but again it is questionable whether the registrar actually oversees the misuse or infringement of trademarks. Furthermore, such comments in *Vapor* were not specifically directed to the validity of the civil remedy under section 20.

It is also true that some trademark wrongdoing involves criminal liability<sup>89</sup> and that criminal conduct is, in general, publicly monitored. But Laskin CJ in *Vapor* indicated that reliance on the

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<sup>86</sup> Pursuant to what is now section 53.2.

<sup>87</sup> Such as under section 18. (This exposure to cancellation was noted, e.g., in *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 26, [2006] 1 SCR 772, per Binnie J.)

<sup>88</sup> *Vapor*, *supra* note 7 at 166.

<sup>89</sup> For example, sections 408(a), 406–407, 380 of the *Criminal Code*, RSC 1985, c C-46.

federal *criminal* power to justify the federal prohibition of certain conduct would jeopardize, rather than support, the validity of a corresponding federal *civil* remedy.<sup>90</sup> It appears that indicium 2 calls for some sort of monitoring and enforcement by a federal regulatory agency that is distinct from the usual monitoring and enforcement of the criminal law. Instead, indicium 2 presumably calls for monitoring and enforcement similar to that under the competition legislation approved in *General Motors*, and it does not appear that the trademark scheme meets that standard. This point appears to have been indicated in *General Motors* itself. Rather than saying that the *Trademarks Act* satisfies this indicium, Dickson CJ distinguished that statute from the federal competition statute impugned in *General Motors*; in particular, he noted that the enforcement of the trademark statute has been “left to suit by private actors.”<sup>91</sup>

### 3.2.2 Possible Failure to Satisfy Indicium 3 (Being Concerned with Trade as a Whole)

In *Kirkbi*, LeBel J seemingly indicated that the trademark registration scheme completely satisfied indicium 3 when he stated:

The *Trade-marks Act* is clearly concerned with *trade as a whole*, as opposed to *within a particular industry*. There is no question that trade-marks apply across and between industries in different provinces.<sup>92</sup>

This dictum was confirmed in *Securities Reference*.<sup>93</sup> However, the actual wording of this dictum seems to reflect two principles, and it is not clear whether the trademark registration

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<sup>90</sup> *Vapor*, *supra* note 7 at 146.

<sup>91</sup> *General Motors*, *supra* note 76 at 693.

<sup>92</sup> *Kirkbi*, *supra* note 11 at para 29 [emphasis added].

<sup>93</sup> *Supra* note 32 at para 81.

scheme satisfies both. One of those principles is that the federal scheme should not be concerned “within a particular industry,” and this certainly seems to be satisfied in that the registration scheme applies to all trades. However, it is not entirely clear from the jurisprudence that such legislation satisfies the other principle, namely, that the trademark scheme is concerned “with trade as a whole.”

In *Vapor*, Laskin CJ indicated that the provision challenged in that case was *not* “concerned with trade as a whole nor with general trade and commerce.”<sup>94</sup> He added, “I do not read s. 91(2) as in itself authorizing federal legislation that merely creates a statutory tort, enforceable by private action, and applicable, as here, to the entire range of business relationships in any activity ... [even where] the activity be itself within ... federal legislative authority.”<sup>95</sup> This ground was a fundamental feature of the ruling in *Vapor* against the validity of the provision, given that the lengthy decision of the Federal Court of Appeal<sup>96</sup> was reversed on that ground. Therefore, the indication by Laskin CJ was important and, assuming that it was sound, it is hard to see how the trademark registration scheme—as well as individual provisions such as the section 20 civil remedy for infringement—would satisfy the judicially imposed need to be concerned with trade as a whole.

Recall that the provision impugned in *Vapor* was section 7(e) of the very statute that contains the registration scheme. Section 7(e) prohibited forms of unfair competition not enumerated

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<sup>94</sup> *Vapor*, *supra* note 7 at 164.

<sup>95</sup> *Ibid.*

<sup>96</sup> [1972] FC 1156, 8 CPR (2d) 15.

elsewhere in section 7. Before it was repealed,<sup>97</sup> the provision appeared under the following heading and provided as follows:

#### UNFAIR COMPETITION AND PROHIBITED MARKS

##### *Prohibitions*

7. No person shall ...

(e) do any other act or adopt any other business practice contrary to honest industrial or commercial usage in Canada.

Specifically, section 7(e) was assessed in *Vapor* to the extent that it applied to breaches of confidence and contract by a former employee. Such breaches constitute different causes of action from passing off and trademark infringement, but again it has hardly been explained how the passing-off cause of action impugned in *Kirkbi* is concerned with trade as a whole, and with general trade and commerce (all in accordance with indicium 3), whereas section 7(e) was not so concerned, as indicated in *Vapor*.

As a related matter, the constitutional principle of being “concerned with trade as a whole” was paraphrased in *Kirkbi* as something that “requires an assessment of the relative importance of an activity to *the national economy*,”<sup>98</sup> and that must address “genuinely a national *economic concern*.”<sup>99</sup> But there was no direct explanation in *Kirkbi* as to whether the trademark scheme satisfies those requirements. There was no discussion of the relative importance of trademarks

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<sup>97</sup> Repealed by SC 2014, c 32, s 10. (Section 7, as it read at the time, is reproduced in *Vapor*, *supra* note 7 at 141.)

<sup>98</sup> *Kirkbi*, *supra* note 11 at para 16 [emphasis added].

<sup>99</sup> *Ibid* at para 17 [emphasis added].

“to the national economy,” or of the federal enactment addressing a “national economic concern.”<sup>100</sup> The *Trademarks Act* might very well fail to satisfy such constitutional principle or indicium.

To return to the discussion in *Vapor* regarding section 7(e) not satisfying the constitutional principle, Laskin CJ said that the provision was “not directed *to trade* but *to the ethical conduct* of persons engaged in trade.”<sup>101</sup> This strongly suggests that, for a provision to satisfy indicium 3, it must be directed *to trade* rather than *to the ethical conduct* of persons engaged in trade.

So, can the remaining provisions of the *Trademarks Act* (especially regarding the registration scheme) be distinguished from section 7(e) on the basis that those provisions are “directed to trade” rather than “to the ethical conduct of persons engaged in trade”? Not necessarily. Such other provisions can easily be seen as being directed to the ethical conduct of persons engaged in trade. A breach of such other provisions would give an unfair (unethical) advantage to traders

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<sup>100</sup> As Ryder, *supra* note 83, commented at 360–361: “In short, section 7(b) does not appear to have any connection to a public scheme of national economic regulation”; that provision features an absence of “any connection to a public scheme of national economic regulation.” In the same passage, Ryder said that the trademark registration scheme, as somehow distinct from section 7(b), does feature this connection: “The *Trade-marks Act* is valid only because it consists, in pith and substance, of a public scheme of national economic regulation that differentiates it from regulation of local trade and the creation of civil causes of action.” However, with respect, the article does not explain precisely how the Act qualifies as a scheme of national economic regulation.

<sup>101</sup> *Vapor*, *supra* note 7 at 165 [emphasis added]. In *General Motors*, this principle was recognized as an argument and, while the principle did not succeed in *General Motors*, it was not conclusively rejected for future cases. Dickson CJ dismissed the argument merely by distinguishing the federal civil remedy challenged in *General Motors* from the federal civil remedy challenged in *Vapor*; see *General Motors*, *supra* note 76 at 689–692.

who commit such acts. In particular, provisions such as sections 7(b) and 20 essentially prohibit a person from simulating a trademark so as to mislead customers into thinking that products bearing the simulated trademark are those of the trademark owner, and thereby steal that trademark owner's business goodwill. Also recall that the heading of section 7 (and the long title of the statute) expressly refers to "Unfair Competition." Similarly, in *Kirkbi*, the statutory cause of action in respect of passing off was literally described as being "concerned with the honesty and fairness of competition."<sup>102</sup> All of this sounds like legislation that is "directed to ... the ethical conduct of persons engaged in trade." It sounds even more like legislation directed to ethical conduct, as compared to the above-mentioned breaches of confidence and contract, in that violations of such trademark laws have been referred to as "piracy"<sup>103</sup> and can give rise to criminal liability.<sup>104</sup>

There are thus serious questions whether the trademark registration scheme satisfies (or did satisfy) indicium 3 under such jurisprudence.

There are, in turn, serious questions whether legislation such as the *Olympic and Paralympic Marks Act* and section 9 of the *Trademarks Act* are actually "concerned with trade as a whole" or with "general" trade and commerce, and address a "national economic" concern.

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<sup>102</sup> *Kirkbi*, *supra* note 11 at para 63.

<sup>103</sup> For example, in *Mattel*, *supra* note **Error! Bookmark not defined.** at para 115.

<sup>104</sup> For example, pursuant to *Criminal Code*, ss 408(a), 406–407, 380. Such criminal provisions are not new, dating back to pre-Confederation.



### 3.2.3 Possible Failure to Satisfy Indicia 4 and 5 (Whether the Provinces Are Incapable)

Indicia 4 and 5 both relate to whether the provincial legislatures would be “incapable” of enacting the impugned legislation. They would be incapable on constitutional grounds if the subject of the legislation does not even *prima facie* fall within their constitutional jurisdiction, or they would be incapable on practical grounds, such as if the subject requires the cooperation of the other provinces to enact complementary legislation.<sup>105</sup>

In *Kirkbi*, it may have been understood that the provincial legislatures would have difficulty legislating in respect of the interprovincial and international use of trademarks.<sup>106</sup> However, the decision included little or no discussion of whether the provincial legislatures are constitutionally incapable of legislating in respect of the *intraprovincial* use of trademarks.<sup>107</sup>

This apparent omission in *Kirkbi* is significant because it is in stark contrast to that court’s decision in *Securities Reference*. In considering the proposed federal securities legislation in that case, the court clearly discussed whether, in accordance with indicia 4 and 5, the provincial legislatures are constitutionally capable of regulating intraprovincial activities<sup>108</sup> as distinct from interprovincial activities.<sup>109</sup> In addition, the court’s finding that provincial the legislatures are

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<sup>105</sup> *Kirkbi*, *supra* note 11 at paras 17, 28.

<sup>106</sup> Again, LeBel J said that “trade-marks apply across and between industries in different provinces”: *Ibid* at para 29.

<sup>107</sup> *Ibid* at paras 28–29.

<sup>108</sup> *Supra* note 32 at paras 118–122, 125.

<sup>109</sup> *Ibid* at paras 32, 47, 129.

capable of legislating in respect of intraprovincial activities strongly contributed to its ruling that the securities legislation at issue in the case did not fall within section 91(2).

As for whether the provincial legislatures are *prima facie* capable of legislating in respect of trademarks intraprovincially, consider that trademarks have been at least somewhat regulated, so to speak, within each of the provinces under their respective common or civil law.<sup>110</sup>

Also recall the strong indications in *Kirkbi* and *Vapor*<sup>111</sup> that the statutory civil remedy for passing off, at least *prima facie*, comes within the provincial domain, particularly property and civil rights in the province, pursuant to section 92(13) of the *Constitution Act, 1867*.<sup>112</sup>

Similarly, in a passing-off case, *Ciba-Geigy Canada Ltd v Apotex Inc* (1992), the Supreme Court—albeit without much discussion—approved the notion that passing-off rules “may be sought in federal *as well as provincial* law.”<sup>113</sup> This dictum could explain Vaver’s comment: “In Canada, Parliament can legislate for registered marks under its power to regulate trade and commerce, *while provinces may protect peripheral IP such as unregistered marks ... under provincial laws*, the common law or the law of delict.”<sup>114</sup>

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<sup>110</sup> For example, *Vapor*, *supra* note 7 at 147 referred to the causes of action embraced by s. 7 as having been “governed” provincially.

<sup>111</sup> See the text accompanying *supra* notes 33–34.

<sup>112</sup> This is supported by the view of Ryder, *supra* note 83 at 358–359, 360–361.

<sup>113</sup> [1992] 3 SCR 120 at 134 per Gonthier J [emphasis added], quoting André Nadeau & Richard Nadeau, *Traité pratique de la responsabilité civile délictuelle* (Montreal: Wilson & Lafleur, 1971).

<sup>114</sup> David Vaver, “Canada’s Intellectual Property Framework” (2004) 17 IPJ 125 at 127 [emphasis added].

If the provinces do have prima facie authority to regulate passing off within the province, this increases the possibility that they have prima facie authority for the purposes of regulating registered marks within the province, especially where the causes of action in respect of infringement of registered marks and passing off overlap. (Conduct that constitutes infringement of a registered mark often also constitutes passing off.) It could thus be said that regulating passing off and enacting a trademark registration scheme constitute the same subject matter for the purposes of constitutional classification. This may have been acknowledged in *Kirkbi* when LeBel J said, “[M]arks remain marks, whether registered or unregistered, *because their legal characteristics are the same.*”<sup>115</sup> Similarly, he said, “s. 7(b) is, in its pith and substance, directly connected to the enforcement of trade-marks and trade-names in Canada because it is directed to avoiding confusion through use of trade-marks.”<sup>116</sup> Thus, if the provinces have prima facie authority regarding the subject matter of section 7(b) within the province, they could very well have prima facie authority to enact a registration scheme within the province.

Another consideration is that legislative authority regarding trademarks is divided between the local and central governments in the United States, meaning the states and the federal Congress respectively.<sup>117</sup> Even though this division of authority has its own constitutional reasons,<sup>118</sup> the

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<sup>115</sup> *Kirkbi*, *supra* note 11 at para 30 [emphasis added].

<sup>116</sup> *Ibid* at para 33.

<sup>117</sup> The ability of the court to consider comparative regulatory schemes in other federal systems for the purposes of such indicia was implicitly approved in such cases as the *Securities Reference*, *supra* note 32 at paras 48–52.

<sup>118</sup> As discussed, for example, by the US Supreme Court in *Trade-Mark Cases*, *supra* note 46, when it struck down the first US federal trademark scheme, which had attempted to apply to intrastate trademark usage.

point here is that those local governments certainly appear to be practically capable of legislating with respect to the misuse of trademarks within their territorial jurisdiction. That is, US federal trademark legislation has generally been focused on interstate (and cross-border) trademark usage, while intrastate trademark usage has been regulated by the individual states for many years. This division of authority might not be the most effective, but, considering that this division has survived for years, it would be difficult to say it is not effective at all, as if the local legislatures are truly incapable.

This leads to yet another concern regarding the idea of relying solely upon *Kirkbi* for the validity of the federal trademark registration scheme. LeBel J said that legislation dealing with unregistered marks must be federal because dividing this authority between Parliament and the legislatures might “lead to duplicative or conflicting *and hence inefficient* enforcement procedures.”<sup>119</sup> But being somewhat inefficient is not the same as being completely ineffective. In other words, LeBel J’s comment did not go so far as to say—as is required by the wording of indicia 4 and 5—that the legislatures are actually incapable of so legislating. Again, the issue under these indicia is not whether provincial legislation would be less effective than federal legislation, but whether it would not be effective at all.

It appears to have been especially unsound for the court in *Kirkbi* to have suggested that the authority falls within the federal domain on the basis that the provinces are merely less efficient than Parliament; this would be more of a policy concern rather than an interpretation of the

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<sup>119</sup> *Kirkbi*, *supra* note 11 at para 29 [emphasis added].

Constitution. In that regard, the Supreme Court in *Securities Reference* (after *Kirkbi*) firmly stated:

[T]he policy question of whether a single national securities scheme is preferable to multiple provincial regimes is not one for the courts to decide. Accordingly, our answer to the reference question is dictated solely by the text of the Constitution, fundamental constitutional principles and the relevant case law. ...

Efficaciousness is not a relevant consideration in a division of powers analysis.<sup>120</sup>

Similarly, Laskin CJ for the majority in *Can Nat Transportation* (1983) discounted “practical considerations,” which might have otherwise suggested that the legislatures should have legislative competence (in that case, regarding certain criminal prosecutorial authority). He said:

*[T]he issue must be decided on the basis of the language of ss. 91 and 92 and the principles of federal exclusiveness ... It would be one thing to assert that practical considerations would best be served by recognizing provincial prosecutorial authority in the general run of criminal law offences, but this is a matter to be considered by the legislature that has constitutional authority to enact the relevant provisions.*<sup>121</sup>

And as Ritchie CJ stated in *City of Fredericton v R* (1880),<sup>122</sup> again in reference to the constitutional division of powers, “with its expediency, its justice or injustice, its policy or impolicy, we have nothing whatever to do.”

In view of the discussion above, it does not appear that indicia 4 and 5 were properly indicated within *Kirkbi* to have been satisfied for the purposes of trademark legislation in respect of

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<sup>120</sup> *Securities Reference*, *supra* note 32 at paras 10, 90.

<sup>121</sup> *Can Nat Transportation*, *supra* note 43 at 235 [emphasis added].

<sup>122</sup> (1880), 3 SCR 505 at 535.

intraprovincial trade. If, for example, a restaurant in a Canadian city wants to protect its name as against other restaurants in that city, indicia 4 and 5 would suggest that the provincial legislature may *prima facie* have that capability.

### 3.2.4 Possible Failure to Satisfy Other Indicia

The Supreme Court has indicated that the list of indicia is not exhaustive.<sup>123</sup> With that in mind, another indicium, or perhaps even a stand-alone ground for ruling against the validity of the federal civil cause of action in section 7(e) of the *Trade-marks Act* (as that provision was interpreted in *Vapor*), was indicated in *Vapor* as follows:

Even on the footing of being concerned with practices in the conduct of trade, its private enforcement by civil action gives it a local cast because it is *as applicable in its terms to local or intraprovincial competitors as it is to competitors in interprovincial trade*.<sup>124</sup>

This was recognized as another argument against the validity of the federal legislation that was challenged in *General Motors*.<sup>125</sup>

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<sup>123</sup> *Kirkbi*, *supra* note 11 at para 17; *Securities Reference*, *supra* note 32 at para 81.

<sup>124</sup> *Vapor*, *supra* note 7 at 165 [emphasis added].

<sup>125</sup> *General Motors*, *supra* note 76 at 689–690. The argument did not succeed in that case, but again the reasoning expressed by Dickson CJ did not necessarily eliminate the argument for future cases. He said: “Every general enactment will necessarily have some local impact and it would be absurd to strike down legislation for that reason alone.” *Ibid* at 692–693. However, permitting federal legislation to have “some” local impact does not necessarily contradict the indication in *Vapor* that federal legislation cannot have so much local impact to the point that it is *as applicable* to local, intraprovincial competitors as it is to competitors in interprovincial trade.

Laskin CJ made a similar comment regarding the validity of another prohibition in the Act, namely, section 7(d), as follows:

[T]he issue of a violation of s. 7(d) could *as easily* arise in *a local or intraprovincial transaction* as in an interprovincial one; there is nothing in s. 7(d) that emphasizes any *interprovincial or transprovincial* scope of the prohibition in s. 7(d) so as to establish some connection with federal legislative authority under s. 91(2) of the *British North America Act*.<sup>126</sup>

And with respect to all the prohibitions in section 7 collectively, including the trademark prohibition in section 7(b), Laskin CJ stated:

[T]hey are left to merely private enforcement as a private matter of business injury *which may arise, as to all its elements* including damage, *in a small locality in a Province or within a Province*.<sup>127</sup>

This concern was recognized in an article by Daniel Bereskin.<sup>128</sup> The Canadian trademark scheme was to be amended so as to allow registrations for trademarks that have not been used.<sup>129</sup> He expressed concern regarding the constitutionality of that proposed legislation in view of the above comments in *Vapor* requiring legislation under section 91(2) to regulate interprovincial trade more than it does intraprovincial trade.<sup>130</sup> In his words, “There is nothing in [the proposed

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<sup>126</sup> *Vapor*, *supra* note 7 at 148 [emphasis added].

<sup>127</sup> *Ibid* at 158 [emphasis added].

<sup>128</sup> Daniel R Bereskin, “Canada’s Ill-Conceived New ‘Trademark’ Law: A Venture into Constitutional Quicksand” (2014) 104 TMR (INTA) 1112.

<sup>129</sup> This proposed amendment was subsequently enacted: *supra* note 47.

<sup>130</sup> Especially the comment quoted at *supra* note 124.

amendments] that makes that distinction.”<sup>131</sup> The point here is that such concern could also be directed to the trademark scheme itself, apart from those amendments; the trademark scheme is not necessarily directed to regulating interprovincial trade more than intraprovincial trade.

To add to this concern, there are a variety of similar comments in *Securities Reference* to the effect that, for any trade and commerce legislation to properly come within federal competence, it *must* address concerns that “transcend provincial competence” and “transcend local, provincial interests”; it *must* be “qualitatively different” from anything that could be enacted by the provinces.<sup>132</sup> For example, the Supreme Court in *Securities Reference* stated:

The general trade and commerce power *cannot* be used in a way that denies the provincial legislatures the power to regulate *local matters within their boundaries*.<sup>133</sup>

Applying such dicta to the overall trademark statute, it seems that such legislation is “as applicable in its terms to local or intraprovincial competitors as it is to competitors in interprovincial trade”; a trademark dispute may arise having “all its elements ... in a small locality in a Province.” For example, if two restaurants (or construction companies, or professional firms, etc.) are quarrelling over a trademark entirely within a municipality or province, this could theoretically be considered as a “local matter,” and therefore would not fall within the federal trade and commerce power.

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<sup>131</sup> Bereskin, *supra* note 128 at 1124.

<sup>132</sup> *Securities Reference*, *supra* note 32 at paras 79, 83, 87, 89, 90, 105, 107, 111, 114, 116, 125. See also *Pan-Canadian Securities Reference*, *supra* note 30.

<sup>133</sup> *Securities Reference*, *supra* note 32 at para 89 [emphasis added].



Rightly or wrongly, all of this indicates that the federal trademark legislation would not be valid insofar as it applies to intraprovincial matters or transactions. It thus appears that this judicial ground, which has served to partially or totally rule section 7(e) out of section 91(2) of the *Constitution Act, 1867*, could just as easily serve to rule out the registration scheme in respect of intraprovincial transactions, again apart from a fresh rationale for its constitutionality.

As another potential indicium, consider that numerous learned authorities have suggested that the exclusive rights in trademarks are a form of property.<sup>134</sup> While such comments have not been intended to reflect on the constitutionality of trademark legislation, they could nevertheless have this effect. Obviously, the stronger the connection between trademark law and “property,” the stronger the connection between trademark law and the exclusive provincial legislative authority, which is literally in respect of “Property and Civil Rights.”<sup>135</sup>

Still further, the express listing of patents and copyrights in section 91<sup>136</sup> without the express listing of trademarks implies that the subject of trademarks was not intended to fall within section 91.

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<sup>134</sup> For example, *Kirkbi*, *supra* note 11 at para 39 (“form of property”); *Mattel*, *supra* note **Error! Bookmark not defined.** at para 27 (“a trade-mark is a proprietary right”); *Fox on Canadian Law of Trade-marks and Unfair Competition*, *supra* note **Error! Bookmark not defined.** at sections 4.2(c), (d). Even Bereskin comments that the proposed amendments (to permit registrations regardless of trademark usage) cannot be valid under section 91(2) because that legislation intrudes unduly into matters of property and civil rights: *supra* note 128 at 1113, 1115–1116, 1124.

<sup>135</sup> Again, as provided in section 92(13) of the *Constitution Act, 1867*.

<sup>136</sup> Namely, in section 91(22) and (23), respectively.

In view of the above, there is some uncertainty whether trademark legislation properly satisfies the above-mentioned constitutional principles as they stand.

### **3.3 Transition**

It is difficult to summarize all the concerns raised in sections 2.0 and 3.0 above regarding the validity of Canadian trademark legislation. Suffice it to say that the above-mentioned jurisprudence is in an awkward state of affairs. Nevertheless, there are other grounds that support the validity of federal trademark legislation and that do not feature the same awkward limitations. Such grounds are discussed in sections 4.0 and 5.0.

## **4.0 Implications Favouring Validity Generally**

### **4.1 Introduction**

There are at least two general implications strongly indicating that legislative authority regarding trademarks and unfair competition was intended to fall within the federal domain.

### **4.2 Implication Based on Legislation Enacted “Federally” Prior to Confederation**

One strong implication is based on the fact that, prior to Confederation, such legislation was effectively enacted federally within the quasi-federal colonial Province of (United) Canada.

In the years prior to Confederation, the colonial province had two parts: Upper Canada (which was primarily English and Protestant and was renamed “Ontario” on Confederation), and Lower Canada (which was primarily French and Catholic and was renamed “Quebec”). The colonial province even had joint premiers, one for each part.

Legislation was designated as having effect only in one part of the colony or only in the other, or in both. The latter was effectively “federal” (that is, “quasi-federal”), while legislation that was enacted to apply in only one part or the other was not.

Generally, there is support for a presumption or implication that legislation that was enacted quasi-federally was intended to continue to be federal after Confederation.<sup>137</sup> With that in mind, it is significant that seemingly any and all enacted or proposed legislation in the Province of Canada relating to trademarks or unfair competition was quasi-federal.

In particular, the colonial province enacted or otherwise introduced trademark legislation almost annually, starting in 1860 with the enactment of *An Act respecting Trade Marks*.<sup>138</sup> Section 3 of that statute provided for actions by the owner of an infringed mark for damages. The statute did not provide for registration, and thus the civil remedy inherently encompassed a form of passing off (unfair competition) by means of infringement in respect of marks that were not registered.

The 1860 statute was replaced in 1861 by a statute that did provide for the registration of trademarks, again quasi-federally.<sup>139</sup>

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<sup>137</sup> For example, Richards CJ in *Severn v The Queen*, [1878] 2 SCR 70 at 93 took into account that the Province of Canada had been “formed by the union of two Provinces having different laws and to some extent different interests,” and thus it was a place “where some of the objects of Confederation had been practically worked out.”

<sup>138</sup> 1860, 23 Vict, c 27 (Prov C).

<sup>139</sup> *An Act to amend the Act respecting Trade Marks and to provide for the Registration of Trade Marks*, 1861, 24 Vict, c 21 (Prov C).

Thereafter, two intellectual property bills were introduced that included proposed amendments to the trademark scheme.<sup>140</sup> The amendments were drafted with the understanding they were to have effect in both parts of the Province of Canada. After Confederation, the legislation was indeed enacted federally, as discussed next.

### 4.3 Implication Based on Legislation Enacted Federally Shortly After Confederation

Another strong implication or presumption that legislative authority regarding trademarks and unfair competition falls within the federal domain is based on the fact that such legislation was enacted federally *shortly after* Confederation.

Just as there is judicial support for the constitutional presumption based on how legislation was enacted shortly before Confederation, there is support for a presumption based on how it was enacted shortly after.<sup>141</sup> This presumption flows from the fact that several of the framers of the *Constitution Act, 1867* had continued as politicians within the newly formed Dominion of Canada, and they were obviously aware of how legislative authority was intended to be divided within the Constitution.<sup>142</sup>

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<sup>140</sup> No 14, 1st Sess, 7th Parl, 25 Vict, 1862, and No 205, 2nd Sess, 7th Parl, 26 Vict, 1863.

<sup>141</sup> *Supra* note 137.

<sup>142</sup> An early example of the principle is found in *Valin v Langlois* (1879), 3 SCR 1 at 22, aff'd (1879), 5 AC 115, where Ritchie CJ discussed the validity of certain federal legislation in respect of court procedure in respect of a federal subject matter. In support of federal validity, he took into account that legislation regarding procedure had been enacted federally in various other statutes immediately after Confederation, as part of Parliament's very first session, "by those who took the most active part in the establishment of Confederation, and who had most to do with framing the *British North America Act* the large majority of whom sat in the

One of those framers was Sir John A Macdonald, who became Canada's first prime minister. Not only was he involved in drafting the Constitution, but he was also involved in drafting the division of powers.

In particular, the federal Parliament of the new Dominion of Canada enacted the *Trade Mark and Design Act of 1868*,<sup>143</sup> which provided a registration scheme, together with a cause of action (civil remedy) for infringement of a registered mark.<sup>144</sup> Section 7 of that statute made it a criminal offence (misdemeanour) to use a registered trademark, and provided that the penalty was to be paid in full to the proprietor, together with costs, thereby in effect providing a form of civil remedy.<sup>145</sup>

At the same time, it does not appear that any provincial legislature attempted to enact trademark legislation, or to challenge the validity of the federal legislation. The *Trade Mark and Design Act of 1868* was not even challenged by Ontario, even though one of its early premiers, Sir Oliver Mowat, had also been one of the Fathers of Confederation who had worked on drafting the division of powers. He had been a member of the Legislative Assembly of the Province of

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first Parliament.” Ritchie CJ (at 24) even took into account that such procedural provisions had been enacted federally within the 1868 trademark statute without any hesitation as to the validity of that statute.

<sup>143</sup> 31 Vict, c 55.

<sup>144</sup> *Ibid*, s 12.

<sup>145</sup> As discussed in the text following *infra* note 151, section 9 also provided that some of the criminal penalties available under the *Trade Mark and Design Act of 1868* be paid to the trademark owner. This overlap between criminal and civil remedies is understandable because, at the time, there was not such a strong distinction between criminal and civil proceedings as at the present. The civil remedy for infringing a registered mark was made express, and separate from the criminal sanction, when the trademark statute was revised in 1879: *Trade Mark and Design Act*, 42 Vict (1879–80), c 22, ss 17, 4; RSC 1886, c 63, ss 18–19.

Canada from 1858 to 1864 (and had served on the Court of Chancery of Upper Canada). Thus, Mowat was also aware that the pre-Confederation legislation regarding trademarks had been enacted quasi-federally rather than quasi-provincially.<sup>146</sup> Shortly after Confederation, he became premier and attorney general of Ontario, from 1872 to 1896, and he had prominently challenged a variety of federal laws in other fields. The fact that he did not challenge any of the federal laws regarding trademarks is especially significant considering that the federal trademark statute in the United States had been challenged and ruled unconstitutional in 1879.<sup>147</sup>

Some provinces joined Confederation with the 1868 statute already in force, and again seemingly did not challenge it or try to enact or maintain their own trademark scheme.<sup>148</sup>

In addition, the 1868 federal trademark statute repealed the colonial provincial trademark statutes<sup>149</sup> and grandfathered colonial-provincial trademark registrations into the new federal scheme of 1868. The 1868 repeal included a repeal of the trademark statute enacted by the colonial province of New Brunswick.<sup>150</sup> All of this further supports the understanding that Parliament had the authority to do so. It is notable that the wording of the New Brunswick statute was very similar to the wording of the legislation that was being developed quasi-federally in the colonial Province of Canada, and was thus very similar to the statute enacted federally in 1868.

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<sup>146</sup> Such legislation is discussed in section 4.2 above.

<sup>147</sup> *Supra* notes 46, 118.

<sup>148</sup> Newfoundland joined Confederation in 1949, and its registrations were grandfathered into the federal system (see section 67 of the *Trademarks Act*).

<sup>149</sup> Pursuant to *Constitution Act, 1867*, s 129.

<sup>150</sup> *An Act relating to Trade Marks*, 30 Vict, c 31 (NB).

The repeal of the New Brunswick statute has further significance in that this colonial-provincial trademark legislation applied to intraprovincial trade (that is, trade within the province). Thus, in repealing that statute after Confederation, the politicians and framers of the Constitution clearly had in mind that legislative authority regarding even the intraprovincial use of trademarks was intended to fall within the domain of Parliament.

This conclusion is further supported by the fact that New Brunswick had enacted its colonial-provincial trademark statute as late as the spring of 1867 knowing that Confederation was pending. It seems the colonial-provincial government of New Brunswick had rushed to enact its registration scheme for the very purpose of having New Brunswick trademarks grandfathered into the upcoming federal system. (This further confirms the understanding among the framers that the subject matter was intended to be federal.)

It has been suggested that the 1868 Dominion trademark statute did not have a statutory civil remedy in respect of infringement or passing off involving unregistered trademarks, and that this omission indicates that Parliament was not intended to have legislative authority in that regard.<sup>151</sup> However, there are several replies to this suggestion. First, the 1868 statute did indeed have what was, in effect, a civil remedy in respect of passing off involving unregistered trademarks. Section 9 provided for the payment of a fine with costs, “one-half of which penalty *shall be paid to the complainant* and the other half to the Crown” [emphasis added]. This intermixing of civil and criminal remedies was not uncommon in that era.

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<sup>151</sup> As commented by Ryder, *supra* note 83 at n 55.

Second, a broader civil remedy in respect of passing off involving unregistered trademarks was provided as part of a separate line of legislation, in *The Trade Marks Offences Act, 1872*.<sup>152</sup> That statute contained five provisions prohibiting the counterfeiting or misuse of trademarks,<sup>153</sup> and two provisions providing civil remedies in respect of that misconduct.<sup>154</sup> The statute also expressly stated that it applied, not just to registered, but also unregistered trademarks.<sup>155</sup>

Third, it is hard to see any distinction between the “pith and substance” of prohibiting the infringement of trademarks whether they are registered or unregistered. Prohibitions of both types of infringement address the same social and foundational objectives, as discussed above,<sup>156</sup> and thus must constitute the same constitutional subject matter for the purposes of sections 91 and 92 of the *Constitution Act, 1867*. Coincidentally, LeBel J commented in *Kirkbi*:

Registration does not change the nature of the mark ... [*R*]egistered or not, marks share common legal attributes. They grant exclusive rights to the use of a distinctive designation or guise ... Registration just facilitates proof of title ...<sup>157</sup>

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<sup>152</sup> 35 Vict, c 32. Coincidentally, such titles reflect the fact that the statutes were focused both on trademarks and preventing fraud (deception) in the course of trade. Meanwhile, the long title of this statute was, as in the United Kingdom, *An Act to amend the Law relating to the fraudulent marking of Merchandise*.

<sup>153</sup> Sections 2–6 (in both the Canadian and UK statutes).

<sup>154</sup> Sections 21–22 (in both the Canadian and UK statutes).

<sup>155</sup> Section 1 (in the Canadian statute) indicated that it applied to marks “registered or unregistered.”

<sup>156</sup> See the text accompanying *supra* note 31.

<sup>157</sup> *Kirkbi*, *supra* note 11 at para 58 emphasis added].



## 5.0 Revisiting Constitutionality Under Certain Trade and Commerce Powers

### 5.1 Introduction

In this section I try to advance the thinking that legislation in the field falls specifically within the trade and commerce power.

### 5.2 Regarding Interprovincial Trade

Recall that the trade and commerce power has two branches. The general branch involves the *GM indicia* discussed above in section 3.2. The other branch (again, as first identified in *Parsons*<sup>158</sup>) involves matters of international or interprovincial trade (herein referred to as the “interprovincial” branch or power). This branch was confirmed in, for example, *Kirkbi*.<sup>159</sup>

Although this branch has often been overlooked, this branch is significant because it should easily validate federal trademark law in respect of interprovincial transactions.

The validity of federal trademark law in respect of such transactions should also be confirmed by the federal “residual” power. That power is based on the principle that if any legislative authority is beyond the domain of the provincial legislatures, it is deemed to fall within the federal residual power pursuant to the opening clause of section 91 (although some powers may be neither

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<sup>158</sup> *Parsons*, *supra* note 73.

<sup>159</sup> *Kirkbi*, *supra* note 11 at para 15. See also *Pan-Canadian Securities Reference*, *supra* note 30 at para 99; *Securities Reference*, *supra* note 32 at paras 46, 75.

federal nor provincial because they may be limited by, for instance, the *Charter of Rights and Freedoms*); this is part of the principle that there should be no “gap” in legislative authority.<sup>160</sup>

The provincial inability—and thus the federal ability—to legislate in respect of interprovincial trade is supported even by comments of Laskin CJ in *Vapor*. For example, he noted that *Parsons* had technically decided that certain conditions on the business of fire insurance as enacted by the provincial legislature were valid “so long as those conditions *only affected provincial trade*.”<sup>161</sup> He also said that some of the “marketing board” constitutionality cases indicated that federal regulatory legislation will be valid if it meets the “requirement ... of applying the regulation to the flow of interprovincial or foreign trade.”<sup>162</sup> Both comments appear to be entirely separate from Laskin CJ’s discussion of the general branch of section 91(2).<sup>163</sup>

Accordingly, the ability to legislate regarding international and interprovincial trade may inherently fall within the federal domain pursuant to that federal residual power on the basis of such authority being territorially beyond the reach of the provincial legislatures. In particular, in contrast to the opening words of section 91, the wording of section 92 provides: “*In each Province* the Legislature may exclusively make Laws in relation to ... (13) Property and Civil Rights *in the Province*” [emphasis added]. Such wording strongly suggests that legislative

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<sup>160</sup> *Securities Reference*, *supra* note 32. This was indicated even in *Parsons*, *supra* note 73 at 116–117.

<sup>161</sup> *Vapor*, *supra* note 7 at 162.

<sup>162</sup> *Ibid* at 163.

<sup>163</sup> *Ibid* at 162–164, referring to the general branch as a “category.”

authority in respect of interprovincial use of trademarks and interprovincial unfair competition falls within the federal domain.

Meanwhile, it is doubtful that this interprovincial power would cover the *intraprovincial* use of trademarks (and *intraprovincial* unfair competition). Legislation in certain fields affecting intraprovincial activities can sometimes fall within the “international and interprovincial” branch of the federal trade and commerce power, especially when this is needed to prevent the defeat of provisions that are competent under the interprovincial (and international) power.<sup>164</sup> However, it is difficult to say that trademark legislation in respect of interprovincial and international trade would actually be defeated if such legislation in respect of intraprovincial trade were not also federal. For example, as mentioned above, local (intrastate) trademark legislation has been enacted in the United States, presumably without undermining the efficacy of the federal legislation in that country.<sup>165</sup>

The constitutionality of trademark legislation in respect of *intraprovincial* (and interprovincial) activities specifically under the general (*intraprovincial*) branch is discussed next.

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<sup>164</sup> For example, in words approved by Laskin CJ in *Vapor*, *ibid* at 167, quoting *In re Dominion Trade and Industry Commission Act, 1935*, [1936] SCR 379 at 382: “If confined to external trade and interprovincial trade, the section [being discussion in that case] might well be competent under head no. 2 of section 91; and if the legislation were in substance concerned with such trade, *incidental* legislation in relation to *local* trade necessary *in order to prevent the defeat of competent provisions* might also be competent” [emphasis added].

<sup>165</sup> See the text accompanying *supra* notes 117–118. Individual states have enacted state trademark systems, while the US Congress has enacted federal trademark legislation.

### 5.3 Regarding Intraprovincial (and Interprovincial) Trade Under the Commerce Power Based on the *Parsons* General Branch Despite the Negative Comments in *Vapor*

This section considers the validity of trademark legislation pursuant to the general branch<sup>166</sup> of the trade and commerce power. The discussion applies not just to interprovincial but also to intraprovincial usage of marks.

Both before and after the development of the *General Motors* indicia,<sup>167</sup> this branch has often been described as “general regulation of trade affecting the whole Dominion.”<sup>168</sup> This has been paraphrased or otherwise described in various terms, including being described in both *Kirkbi*<sup>169</sup> and *Securities Reference*<sup>170</sup> as “whether the legislation is concerned with trade as a whole rather than with a particular industry.” It also reads very much like indicium 3 of the *General Motors* indicia,<sup>171</sup> meaning that it is the core indicium: if certain legislation does not fit within those paraphrases, it almost surely does not fall within that judicially declared branch of section 91(2)—at least according to that jurisprudence.

This section challenges several of Laskin CJ’s comments in *Vapor* where he indicated that section 7 of the Act does not fall within the general branch on its own. Recall that he made very strong negative comments as to whether section 7, on its own accord, falls within that branch,

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<sup>166</sup> See the text accompanying *supra* note 73 and following.

<sup>167</sup> See the discussion in section 3.2 above.

<sup>168</sup> Wording as first expressed in *Parsons*, *supra* note 73 at 113.

<sup>169</sup> *Supra* note 11 at para 17.

<sup>170</sup> *Supra* note 32 at paras 76–85. See also *Pan-Canadian Securities Reference*, *supra* note 30.

<sup>171</sup> See the text accompanying *supra* notes 168–170.

and that the provision would only partially and barely be valid on the basis that it rounds out the trademark scheme.<sup>172</sup> Those comments, in turn, have cast a shadow over whether other trademark provisions or legislation would fall within the trade and commerce power.<sup>173</sup>

With great respect, most of those negative comments were based on misunderstandings of the provisions of section 7; those misunderstandings affected the assessment of the nature (“pith and substance”) of such provisions, and thus their constitutionality. Such misunderstandings are not surprising given that the proceedings, as pleaded, involved the validity of only section 7(e) and, even then, only insofar as that provision was purported to encompass breach of confidence and breach of contract by a former employee.<sup>174</sup> In other words, the substantive elements and constitutionality of the other provisions of section 7 were not fully argued and explained to the court. These misunderstandings need to be mentioned in the interest of reconsidering Laskin CJ’s restrictive view of the validity of trademark legislation.

### 5.3.1

It may be easiest to first discuss Laskin CJ’s interpretation of section 7(c). He described the provision as a “federal intrusion upon provincial legislative power.”<sup>175</sup> But he admitted that he did not fully understand the provision:

Section 7(c) is a *curious* provision to be armed with a civil sanction by way of damages *when one already exists in the ordinary law of contract*. The provision refers to

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<sup>172</sup> See the text accompanying *supra* notes 13–19.

<sup>173</sup> As discussed in sections 2.0 and 3.0 above.

<sup>174</sup> The ruling in that regard may or may not also be worth reviewing.

<sup>175</sup> *Vapor*, *supra* note 7 at 148.

substitution of other goods for those ordered or requested, but there is always *the right to reject* upon discovery of the substitution . . . . If s. 7(c) purports to give additional relief even if the substituted goods are knowingly accepted, *where are the damages?* Or does the provision envisage damages arising from failure to deliver the proper goods in time? If so, there is the usual remedy for breach of contract.<sup>176</sup>

While civil remedies under the law of contract may indeed exist on behalf of *deceived purchasers*, Laskin CJ did not recognize that the provision was also confirming, codifying, or otherwise creating an overlapping cause of action on behalf of *the honest trader* in such situations, known as a form of “reverse” passing off.<sup>177</sup> As between the honest trader and the offender there is no privity, and thus no easy remedy exists “in the ordinary law of contract.” Nevertheless, when a product of a different brand is substituted for the one that is ordered, not only do deceived purchasers have a cause of action (under the law of contract), so too does the honest trader (under the passing-off law covered by section 7(c))—meaning the trader who owns the brand by which purchasers are placing orders with the offender.

This cause of action is analogous to classical passing off as covered by section 7(b) and similar cases as may be covered by section 20. It hardly matters that the misrepresentation covered by section 7(c) is implied rather than express.<sup>178</sup>

In having asked “where are the damages?” Laskin CJ failed to recognize the damage (and thus the possible general and national importance) in terms of (1) the mass deception among

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<sup>176</sup> *Ibid* at 147–148 [emphasis added].

<sup>177</sup> As discussed, for example, in *Vapor* itself in the excerpt at 152–153.

<sup>178</sup> The dishonest competitor is not displaying or uttering the plaintiff’s trademark but is nevertheless filling an order for the product requested by the purchaser under that mark.

purchasers; (2) lost profits of the honest trader who owns the mark (thereby discouraging the honest trader from developing good-quality products that would otherwise be to the benefit of the public as well); and (3) damage to the signification of the mark, given that the substituted product is likely of a different quality but otherwise inherently of a different source (having passed through different hands), and thus there is harm not just to the trademark owner but to the overall system of helping the public to distinguish the goods and services of one trader from those of others.<sup>179</sup> Having not understood the nature of the prohibition, it is entirely conceivable that Laskin CJ did not soundly cast a doubt on the constitutionality of section 7(c) under section 91(2).<sup>180</sup>

Similarly, regarding section 7(d) (covering a form of false advertising and extended passing off), Laskin CJ recognized only that the provision is “directed to the protection of a purchaser or a consumer of wares or services.”<sup>181</sup> That is, Laskin CJ again considered only the purchaser’s cause of action for such deceit. This narrow focus was reflected in his observation that

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<sup>179</sup> See the text accompanying *supra* notes 31.

<sup>180</sup> The misconduct might be covered by section 7(b) insofar as section 7(b) may have been intended to go beyond its literal wording so as to cover the broader common-law concept of passing off or unfair competition, but surely the enactment of section 7(c) has helped to make it clear that this type of deception in the course of trade is prohibited.

<sup>181</sup> *Vapor*, *supra* note 7 at 148 [emphasis added]. Laskin CJ especially understood this when he added that “[i]t involves what I would term *deceit* in offering goods or services to the public, deceit in the sense of material false representations likely to mislead in respect of the character, quality, quantity or composition of goods or services, or in respect of their geographic origin or in respect of their mode of manufacture, production or performance”: *ibid* [emphasis added].

[i]f any aggrieved person would have a cause of action under s. 53 in respect of damages suffered by him by reason of a breach of s. 7(d), *it would ordinarily be expected to arise through breach of contract*.<sup>182</sup>

Again, such cause of action through breach of contract would typically be open only to a purchaser rather than a competitor, but the competitor is nevertheless damaged by the unfair competition comprising a false or misleading exaggeration of the character or quality of the violator's goods or services.

The ability of a competitor to bring such a claim was indicated at least as early as 1845 in *Coats v Holbrook*.<sup>183</sup> The court in that case held the defendant liable because, among other things, the defendant stamped its spools of thread as being of "six cord" when they were only of three, and as being 200 yards in length when they were only 120.<sup>184</sup> By falsely upgrading its goods, such a trader can earn an unfair profit. It can also sell such goods at a cheaper price. It is competing unfairly, diverting trade away from the honest competitor.

Such cause of action was also prominently indicated in other common-law cases as discussed, for example, by Lord Diplock in *Erven Warnink BV v J Townend & Sons (Hull) Ltd* (1979), including where he stated as follows:

The goodwill of a manufacturer's business may well be injured by someone else who sells goods which are ... *misrepresented as goods of his manufacture of a superior class or quality*. This type of misrepresentation was held in *A.G. Spalding & Bros. v. A.W.*

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<sup>182</sup> *Ibid* [emphasis added].

<sup>183</sup> 2 Sand Ch R 586, Cox Amer TM Cas 20 (NY 1845) [cited to Cox Amer TM Cas].

<sup>184</sup> *Ibid*. The decision had also involved a form of classical passing off, given that the case report explains that the defendants had copied the plaintiff's name, figures, colour, and general appearance. *Ibid* at 22.



*Gamage Ltd.* (1915), 84 LJ Ch 449 to be actionable and *the extension* to the nature of the misrepresentation which gives rise to a right of action in passing off which this involved was regarded by Lord Parker *as a natural corollary of recognising that what the law protects by a passing off action* is a trader's property in his business or goodwill.<sup>185</sup>

The cause of action on behalf of the competitor was not only recognized in that excerpt, but recognized as a species of “passing off.” Accordingly, the constitutionality of section 7(d) should be recognized as being much closer to that of section 7(b).<sup>186</sup>

As to section 7(a) (trade libel), the concern with Laskin CJ's analysis is effectively the opposite; he said this provision was “in contrast with” section 7(d), as if section 7(d) involved deceit among the public while section 7(a) did not.<sup>187</sup> In other words, as to section 7(a), Laskin CJ recognized the cause of action on behalf of competitors, but did not recognize the damage or harm to the public. The libelling of a trader or its goods deceives the purchasing public regarding their alleged inferior quality or character (thereby unfairly diverting those purchasers away from the honest trader toward the dishonest one). Thus, damage is also suffered by the purchasing public—here, in the form of that deception. And that deception is similar to the other forms of deception in the course of trade addressed in section 7 (and section 20 etc.).

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<sup>185</sup> *Erven Warnink BV v J Townend & Sons (Hull) Ltd.*, [1979] AC 731 at 741, [1980] RPC 31 (HL) (UK) [the *Advocaat* case] [emphasis added].

<sup>186</sup> The close association of sections 7(b) and (d) is further reflected by the fact that these prohibitions are similarly covered in the US *Trademark Act* as part of the same section, namely, as (A) and (B) of 15 USC § 1125(a)(1).

<sup>187</sup> *Vapor*, *supra* note 7 at 148.

Section 7(a)—as with sections 7(b), (c), and (d)—can also be seen as addressing the third foundational objective of protecting the signification of trademarks. When a trader falsely upgrades the character or quality of its goods, or falsely downgrades the character or quality of a competitor’s goods, the signification of the respective name or mark is improperly upgraded or downgraded. The public can no longer rely on the mark to signify what it formerly signified.

As to section 7(e), recall that this provision was broadly worded as prohibiting “*any other act or ... any other business practice contrary to honest industrial or commercial usage in Canada,*” and yet Laskin CJ said that it “appears to me to be simply a formulation of the tort of conversion.”<sup>188</sup> He also said that section 7(e) “is not a trademark provision”<sup>189</sup> and that, in view of the scope of sections 7(a), (b), (c), and (d), “there is no subject matter left for s. 7(e) in relation to patents, copyright, *trade marks and trade names.*”<sup>190</sup> Again, his narrow view of the provision can perhaps be explained on the basis of the narrow framing of the case.<sup>191</sup> Either way, it seems Laskin CJ did not consider that section 7(e) could have encompassed other causes of action in the field (again assuming that they are not covered by a broad reading of section 7(b) or (d)). For example, section 7(e) could have encompassed: “extended” passing off; reverse confusion (or reverse passing off) by means of falsely taking credit for the plaintiff’s goods; reverse confusion (or reverse passing off) by means of swamping or overwhelming the notoriety of the senior user’s mark as if the mark belongs to the junior user; dilution of trademarks by “blurring” them

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<sup>188</sup> *Ibid* at 149. See also at 157.

<sup>189</sup> *Ibid* at 159. See also at 157.

<sup>190</sup> *Ibid* at 172.

<sup>191</sup> Text accompanying *supra* at note 174.

(using them in a field so different as to avoid confusion but nevertheless undermining their established recognizability); and dilution of trademarks by tarnishment or unwholesome association.

So, having read several, if not all, of the prohibitions provided in section 7 as if they were directed to merely private matters (private disputes), Laskin CJ suggested that such provisions did not address matters of “general and national importance” (as required by certain case law for validity under the trade and commerce power, as discussed above). For example, he said:

[The predatory practices of s. 7] are left to merely private enforcement as a *private* matter of business injury ...<sup>192</sup>

Similarly, De Grandpré J, in the minority concurring opinion, understood the chief justice as follows:

As to the trade and commerce power, I share the view that *the facts of this case* do not permit its application, the contract between the individual appellant and respondent *being of a private nature and involving essentially private rights*.<sup>193</sup>

### 5.3.2

Laskin CJ’s comments in *Vapor* are also based on the misunderstanding that the provisions of section 7 do not relate to trademarks. For example, he said that section 7(e) “is not a *trademark*

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<sup>192</sup> *Vapor*, *supra* note 7 at 158 [emphasis added].

<sup>193</sup> *Ibid* at 175 [emphasis added]. See also at 164.

provision.”<sup>194</sup> In addition, despite having said that other parts of section 7 “round out” the federal trademark scheme,<sup>195</sup> he said:

Section 7 of the *Trade Marks Act* is the first of five sections of the Act (ss. 7 to 11) that are subsumed under the sub-title “Unfair Competition and Prohibited Marks.” It stands alone, however, among those sections *in not being concerned with trade marks or trade names*.<sup>196</sup>

Respectfully, this is incorrect. The provisions of section 7 are indeed “concerned with trade marks or trade names.” First, section 7(b) is concerned with, among other things, the causing of confusion by means of trademarks or trade names; recall that LeBel J in *Kirkbi* said this was its very pith and substance.<sup>197</sup> Similarly, LeBel J endorsed the view that “[t]he tort of passing off [including section 7(b)] is in many respects the equivalent cause of action for *unregistered* trademarks as infringement [section 20 of the Act] is to *registered* trade-marks.”<sup>198</sup>

As just noted above, sections 7(a), (c), and (d) are also concerned with, among other things, protecting the signification of trademarks,<sup>199</sup> as was former section 7(e).<sup>200</sup>

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<sup>194</sup> *Ibid* at 159 [emphasis added]. See also at 157.

<sup>195</sup> See the text accompanying *supra* notes 13–19.

<sup>196</sup> *Vapor*, *supra* note 7 at 141.

<sup>197</sup> Text *supra* at note 116.

<sup>198</sup> *Kirkbi*, *supra* note 11 at para 25, quoting A Kelly Gill & R Scott Jolliffe, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed (Toronto: Carswell, 2002) (loose-leaf) at 2-22.

<sup>199</sup> See section 5.3.1 above.

<sup>200</sup> See the text following *supra* note 191.

### 5.3.3

Laskin CJ in *Vapor* was also of the view that the other provisions of the Act do not relate to unfair competition. In thinking this while having thought that section 7 does not involve trademarks or trade names, Laskin CJ consequently held the highly questionable view that trademarks and trade names constitute entirely different subject matter from unfair competition. For example, he said:

It [section 7] *alone* gives any substance to the “*Unfair Competition*” portion of the subtitle.<sup>201</sup>

And:

To refer to *trade mark regulation as a scheme for preventing unfair competition* and to seek by such labelling to bring s. 7 within the area of federal competence *is to substitute nomenclature for analysis*.<sup>202</sup>

But trademarks and trade names do not constitute entirely different subject matter from unfair competition, as was just discussed above. Simply put, using someone else’s trademark, whether it is registered or not, is a form of unfair competition. The 1932 version of the Canadian trademark statute was even titled the *Unfair Competition Act*.<sup>203</sup>

Laskin CJ also tried to draw the same distinction in respect of the provisions within that 1932 statute, and also in respect of the constitutional decision thereunder of Angers J the *Good Humor*

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<sup>201</sup> *Vapor*, *supra* note 7 at 142 [emphasis added].

<sup>202</sup> *Ibid* at 167 [emphasis added].

<sup>203</sup> SC 1932, c 38.

case (1936).<sup>204</sup> In short, Angers J ruled that sections 3 and 7 of the 1932 *Unfair Competition Act* “fell within federal competence under the trade and commerce power,” and Laskin CJ did not question this but instead tried to distinguish it.<sup>205</sup> For example, he said “the only provision [of the 1932 act] that related to unfair competition was s. 11.”<sup>206</sup> But section 3 of the 1932 act provided that, among other things, no person shall knowingly adopt someone else’s unregistered trademark that was used abroad and made known in Canada—obviously addressing a form of unfair competition. Again, this is based on Laskin CJ’s misunderstanding of the substantive nature of the provisions. Prohibiting the misuse of confusing trademarks significantly overlaps with prohibiting unfair competition (passing off).

#### 5.3.4

Laskin CJ also tried to distinguish section 7 from the trademark registration scheme as if only the latter featured “administrative controls.”<sup>207</sup> This is another questionable distinction. As discussed above, the infringement of registered marks is enforced privately as much as passing off and other violations covered by section 7.<sup>208</sup>

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<sup>204</sup> *Good Humor Corp of America v Good Humor Food Products Ltd*, [1937] Ex CR 61.

<sup>205</sup> *Vapor*, *supra* note 7 at 142–143.

<sup>206</sup> *Ibid* at 142.

<sup>207</sup> See the text accompanying *supra* notes 79–83.

<sup>208</sup> See section 3.2.1 above regarding indicium 2.

### 5.3.5

Yet another questionable comment by Laskin CJ as to the alleged invalidity of section 7 on its own was as follows:

What is evident here is that the predatory practices [of s. 7] are not ... even expressly brought under criminal sanction *in the statute in which they are prohibited* ...<sup>209</sup>

It is hard to see why prohibitions of predatory *trade* practices can more easily fall under the federal *trade* and commerce power if they are brought under *criminal* sanction, let alone brought under criminal sanction in the same statute. Such factors do not seem to be in accordance with the express constitutional issue of whether the legislative authority relates to a matter coming within an enumerated class such as the regulation of *trade* and commerce.

Even if they were proper factors, Laskin CJ was apparently not apprised of the fact that, in the early days, trademark prohibitions with civil remedies had indeed been “brought under criminal sanction” in the same statute including *The Trade Marks Offences Act, 1872*.<sup>210</sup> The criminal provisions of the 1872 statute were amended and transferred to the new *Criminal Code* of 1892.<sup>211</sup> In other words, such federal trademark prohibitions had originally satisfied Laskin CJ’s requirements, suggesting that Parliament had the legislative authority at the time, and neither Parliament nor the provincial legislatures can inadvertently lose legislative authority, such as by moving or otherwise enacting the criminal sanctions in a different statute.

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<sup>209</sup> *Vapor*, *supra* note 7 at 165 [emphasis added].

<sup>210</sup> See the text accompanying *supra* notes 152–154.

<sup>211</sup> 55–56 Vict, c 29, ss 443–455.

#### 5.4 Regarding Intraprovincial (and Interprovincial) Trade Under the “Power” in Respect of Trademarks (and Trade Names)

In combination with the discussion above, this section looks at the validity of trademark legislation pursuant to a federal “power” that was judicially determined prior to *Vapor*.

Although Laskin CJ was under the impression that the subject of trademarks somehow constituted a different matter from the subject of unfair competition,<sup>212</sup> he nevertheless did not contradict—and effectively approved—the understanding that the subject of trademarks (and trade names) comes within the trade and commerce power. His decision is replete with such comments.<sup>213</sup>

Similar comments regarding the “federal jurisdiction in relation to trade-marks and trade-names” are found in *Kirkbi*.<sup>214</sup>

Such comments are understandable in that there were two decisions, both in the late 1930s, supporting the trademark power. Those decisions were implicitly under the general branch of section 91(2) and thus applicable to intraprovincial use of marks. One was the 1936 decision of

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<sup>212</sup> See section 5.3 above.

<sup>213</sup> *Vapor*, *supra* note 7 at 141–142, 143, 144, 144–145, 150, 151–152, 157, 172–173. (The last two comments are reproduced above, emphasized with underlining, in the text at notes 15 and **Error! Bookmark not defined.**)

<sup>214</sup> *Supra* note 56.



Angers J in the *Good Humor* case.<sup>215</sup> Laskin CJ in *Vapor* summarized this aspect of that decision as follows:

Sections 3 and 7 [of the 1932 *Unfair Competition Act*, which was the trademark statute in issue in *Good Humor*] dealt with trade marks and trade names respectively and, as to those sections, the trial Judge was of opinion that they fell within federal competence *under the trade and commerce power*.<sup>216</sup>

It is proposed that this comment is significant in supporting, not just federal prohibitions and civil remedies in respect of trademarks and unfair competition, but federal legislation in respect of the *registration* of trademarks. This is because the provisions that were upheld in *Good Humor*<sup>217</sup> effectively created exclusive rights in foreign marks (and names) that had been made known in Canada but not yet used in Canada; prohibiting the use of those marks was effectively the same as the exclusivity afforded by the registration of marks, including of foreign marks not yet used in Canada.<sup>218</sup>

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<sup>215</sup> *Good Humor*, *supra* note 204 at 75–77.

<sup>216</sup> *Vapor*, *supra* note 7 at 143 [emphasis added].

<sup>217</sup> Sections 3 and 7 of the 1932 *Unfair Competition Act*, as discussed above.

<sup>218</sup> The issue was even pleaded by the defendants; they said the provisions were invalid insofar as “they directly or impliedly create or purport to create proprietary rights in trade-marks and trade names not used in Canada”: *Good Humor*, *supra* note 204 at 65. But the provisions were upheld. That attack also calls into question the passage in *Kirkbi*, *supra* note 11 at para 18, that cited *Good Humor* but nevertheless expressed the (mistaken) notion that “[t]he federal government’s power to legislate with respect to trade-marks has never been the target of a direct constitutional challenge.”

The other principal decision is that of the Privy Council in the *Canada Standard* case (1937), delivered by Lord Atkin.<sup>219</sup> On this issue, the decision is often quoted<sup>220</sup> for the dictum, seemingly in obiter, that reads as follows:

No one has challenged the competence of the Dominion to pass [trademark] legislation. If challenged one obvious source of authority would appear to be the class of subjects enumerated in s. 91(2), the Regulation of trade and commerce, referred to by the Chief Justice [Duff, in the court below]. There could hardly be a more appropriate form of the exercise of this power than the creation and regulation of a uniform law of trade marks.<sup>221</sup>

It is proposed that this dictum went further than mere obiter; it was part of a ruling on the issue. The proceedings involved the validity of different groups of provisions. One group comprised sections 18 and 19, which created a government mark (“C.S.,” short for “Canada Standard”) to designate goods that met a standard controlled by the Canadian government.<sup>222</sup> The provisions were ruled invalid by the Supreme Court of Canada, per Duff CJ, as not falling within section 91(2).<sup>223</sup> But the Supreme Court’s ruling was reversed by the Privy Council, with the provisions ultimately judged to be valid under that power. In contrast to Laskin CJ’s tepid

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<sup>219</sup> *A-G Ont v A-G Can*, [1937] AC 405 (PC) [*Canada Standard*] (appeal from *In re Dominion Trade and Industry Commission Act, 1935*, *supra* note 164). (The PC decision was released on 28 January 1937, while the Supreme Court decision under appeal was released on 17 June 1936; *Good Humor* was released between them on 28 August 1936.)

<sup>220</sup> As in *Kirkbi*, *supra* note 11 at para 18.

<sup>221</sup> *Canada Standard*, *supra* note 219 at 417.

<sup>222</sup> That is, as summarized by Laskin CJ in *Vapor*, *supra* note 7 at 166, those provisions “provided for a national mark, Canada Standard or C.S., which was vested in the Crown in right of Canada, and which could be applied to goods which met the requirements for its use established by the legislation.”

<sup>223</sup> *Supra* note 164 at 382–383, per Duff CJ.

support for the validity of parts of section 7 on the basis that they were incidental to (or rounded out) the unchallenged trademark scheme,<sup>224</sup> the Privy Council solidly judged sections 18 and 19 to valid on their own; they were not even enacted within a trademark statute. That is, in reversing the Supreme Court and finding the provisions to be valid under the general branch of section 91(2), the Privy Council delivered an actual ruling, rather than merely an obiter comment, on the validity of the federal trademark provisions standing on their own.

Some may try to discount the significance of the above ruling because the provisions did not create a typical business-type trademark but created rights in a government-held mark.

Specifically, in the court below, Duff CJ, on behalf of the Supreme Court of Canada, described that mark as follows:

The so-called trade mark is not a trade mark in any proper sense of the term. The function of a trade mark is to indicate the origin of goods placed on the market and the protection given to a trade mark is intended to be a protection to the producer or seller of his reputation in his trade. The function of the letters “C.S.,” as declared by section 18(1), is something altogether different. That subsection is really an attempt to create a civil right of novel character and to vest it in the Crown in right of the Dominion.<sup>225</sup>

Lord Atkin did not disagree with that description, and understood the impugned federal legislation created a trademark “in gross.” He said that the national trademark in issue constituted the “creation of juristic rights in novel fields.” But in ruling that Parliament had legislative authority in respect of non-typical trademarks, the Privy Council effectively ruled that Parliament also had authority in respect of typical trademarks. In having authority in respect of

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<sup>224</sup> See the text accompanying *supra* notes 13–19, and questioned in the discussion in section 5.3 above.

<sup>225</sup> *Supra* note 223 at 382–383.

non-typical marks, it must surely have authority in respect of typical trademarks. Both types of legislation overlap to such an extent that it would be questionable for Parliament to have authority in respect of one type while the authority for the other type would belong to provincial legislatures. Both types of legislation prohibit the use of marks in the course of trade and commerce. Both types also, at least to a degree, address the same social objectives. In particular, prohibiting the use of both government marks and the typical trademarks of businesses serves the objectives of preventing public misrepresentation (confusion) in the course of trade, and maintaining the signification of marks for the purposes of being able to distinguish goods and/or their sources and/or their qualities.<sup>226</sup> Prohibiting the use of government marks arguably also addresses the third objective of protecting business goodwill in the sense of preventing one trader from unfairly diverting trade to itself by using the government mark as if it meets the government standard or otherwise has the endorsement of that government.

Some may also attempt to discount the significance of the above-mentioned comments of Lord Atkin (regarding the validity of a certain trademark statute) on the basis that the primary trademark statute in force at the time did not expressly provide a civil cause of action (the provisions were expressed as prohibitions); in other words, it may be objected that his comments simply supported the validity of the trademark registration scheme, rather than civil remedies in the field. However, there are several replies to this argument. First, the trademark statute addressed by Lord Atkin in *Canada Standard* was not the then current trademark statute (the *Unfair Competition Act* of 1932) but rather the previous trademark statute (the *Trade Mark and*

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<sup>226</sup> See the text accompanying *supra* notes 31 and 179.

*Design Act*).<sup>227</sup> That statute was still partially subsisting, and it did have a couple of express civil remedies in respect of trademark infringement.<sup>228</sup> Accordingly, in commenting on the validity of that particular statute, Lord Atkin did support the validity of a statute that included civil remedies.

Second, even the *Unfair Competition Act* of 1932 provided for civil relief. Perhaps this was not so clear, but this was found in section 17, which was worded similarly to, and evolved into, what is now section 53.2. Section 17 provided: “When it is made to appear to the [court] that any wares ... have been marked with any trade mark contrary to the provisions of this Act, the court may, in addition to any such order as the circumstances may require by way of injunction or for the recovery of damages ... order the delivery up for destruction of all infringing labels.” (After all, it is hard to imagine that, when refreshing the *Trade Mark and Design Act* with the *Unfair Competition Act*, Parliament would have maintained the ability to register marks without maintaining or otherwise providing for any statutory civil remedies for infringement of those registrations.)

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<sup>227</sup> The *Trade Mark and Design Act* was specifically identified in the case report as “R.S.C. 1927, c. 201.” In addition, both of these trademark statutes were mentioned in section 2(h) of the legislation impugned in that case (reproduced in the decision, *supra* note 223 at 381).

<sup>228</sup> The express civil remedies comprised the ability to bring “an action or suit” under section 19 or 20, and to recover any fine under section 21. (Both were only in respect of infringement of *registered* marks, but, as discussed in the text accompanying *supra* note 151, it is difficult to see how Parliament can have legislative authority only in that respect while the provincial legislatures would supposedly have authority in respect of civil remedies for infringement of *unregistered* marks.)

Third, the ability to obtain civil relief under the 1932 statute was implicitly, if not expressly, indicated in various reported cases after 1932.<sup>229</sup>

In terms of some other judicial support for federal legislative authority in the field, Lord Chancellor Buckmaster in December 1915 commented during an oral hearing, without any apparent objection from the other members of the Privy Council, that “trade mark legislation” might very well satisfy the strict requirements of the general branch under section 91(2) in the sense that it “would apply to all trades” rather than a single trade (and therefore satisfy the judicial need to apply to trade and commerce in general).<sup>230</sup>

In view of all the above, a safer reading of the jurisprudence is that Parliament’s legislative authority in the field, even in respect of intraprovincial trade, has in fact been judicially determined, long before such decisions as *Vapor* and *Kirkbi*. When this federal power regarding trademarks is combined with the understanding that trademarks and unfair competition constitute the same subject matter, it can be seen that such earlier jurisprudence supports a much broader federal power in the field. The limitations imposed on that power by the *BMW v Nissan* line of cases<sup>231</sup> are unsound.

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<sup>229</sup> Such cases include *Good Humor*, *supra* note 204. (The civil proceedings for infringement in that case failed but only on the facts; the causes of action had nevertheless been entertained.) (The specific issue of the constitutionality of the federal civil remedies, as distinct from mere prohibitions, is discussed further below, in section 5.5.2.)

<sup>230</sup> See ER Cameron, *Canadian Companies: Proceedings in the Judicial Committee of the Privy Council* (Toronto: Carswell/Sweet & Maxwell, 1917) at 57–58.

<sup>231</sup> Discussed in section 2.2 above.

## 5.5 Regarding Intraprovincial (and Interprovincial) Trade Under the Commerce Power Based on Its Straightforward Meaning

### 5.5.1 Assessment Under the Original Meaning of Section 91(2)

In view of the complications and concerns presented above,<sup>232</sup> the discussion here focuses on whether the validity of the legislation could simply be assessed under the original, literal meaning of section 91(2).<sup>233</sup>

For example, Dickson J in *Multiple Access Ltd v McCutcheon* (1982) put the issue in simple terms:<sup>234</sup> “I turn now to the main question. Does the ‘matter’ (or pith and substance) of the insider trading provisions of the federal act [meaning the legislation impugned in that case] fall within a ‘class of subject’ (or head of power) allocated to Parliament?”<sup>235</sup>

With that simple question in mind, it seems obvious that the phrase “regulation of trade and commerce” encompasses *regulation* as to unfair *trade and commerce*, and thus encompasses unfair competition and the misuse of *trademarks*.

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<sup>232</sup> See especially sections 2.0, 3.0, and 5.3 above.

<sup>233</sup> Recall that the plain wording in section 91 is: “the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next hereinafter enumerated [including] (2) The Regulation of Trade and Commerce.”

<sup>234</sup> [1982] 2 SCR 161.

<sup>235</sup> *Ibid* at 176. It was also originally understood that such federal powers had paramountcy over provincial powers; see text accompanying *infra* note 253.

Such laws substantially overlap and address the same objectives (pith and substance).<sup>236</sup>

One example of the natural fit of trademark legislation within section 91(2) can be found in

Binnie J's comment in a trademark case as follows:

[The trademark owner's] claim to monopoly rests ... *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 trade-mark. Trade-marks thus operate as a kind of shortcut to get consumers to where they want to go, and in that way *perform a key function in a market economy*.<sup>237</sup>

The fact that trademark legislation regulates a “key function in a market economy” should be easily recognized as coming within the regulation of trade and commerce.<sup>238</sup>

The fact that the subject matter of trademarks and unfair competition was understood by the framers of the Constitution as relating to “trade and commerce” is reflected in the 1845 UK *Act to Regulate the Trade of British Possessions Abroad*.<sup>239</sup> The preamble to that statute even uses the term “trade and commerce.” Section 10 effectively protected the trademarks of UK residents by providing that articles of foreign manufacture bearing such marks shall be forfeited if imported into any British possession.

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<sup>236</sup> See the text accompanying *supra* notes 31 and 179.

<sup>237</sup> *Mattel*, *supra* note 87 at para 21 [emphasis added].

<sup>238</sup> Coincidentally, this dictum also supports the characterization of such laws as relating to a matter of “general importance” to trade, and thereby satisfies even the stringent requirements of the general branch of section 91(2); that is, this further supports the discussion in section 5.3 above.

<sup>239</sup> Vict 8–9, c 93 (UK) [emphasis added].



Also in 1845, the state of New York enacted a statute prohibiting the use of deceptive marks.<sup>240</sup>

This statute was classified by the revisers of New York statutes in 1862 under the heading of “Trade.”<sup>241</sup>

The fact that laws regarding trademarks and unfair competition have related to “trade and commerce” as of Confederation is also reflected in the following passage from an 1857 passing-off case:

[I]f it be a crime to counterfeit labels, words, or devices [i.e., marks] previously appropriated to distinguish property, or to vend goods thus stamped, without disclosing the fact to the purchaser [meaning, committing trademark infringement, passing off], it is equally an offence against the spirit of the law, equally *injurious to trade and commerce* and equally an imposition upon the public, to palm off spurious goods under cover of genuine labels and devices.<sup>242</sup>

### 5.5.2 Federal Civil Remedies

The following are some additional comments specifically regarding the constitutionality of federal civil remedies in the field. In *General Motors*, Dickson CJ suggested that there is a

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<sup>240</sup> *An Act to Punish and Prevent Frauds in the Use of False Stamps and Labels*, c 279 (NY, 14 May 1845) as that legislation was revised in 1850 (c 123) and 1862 (c 178). It referred to trademarks as “private stamps or labels” affixed on goods. The title was even amended to include reference to trademarks: *An Act to Punish and Prevent Frauds in the Use of False Stamps, Brands, Labels, or Trade Marks*, c 306 (NY, 17 April 1862, as amended by 1863, c 209).

<sup>241</sup> *Statutes at Large of the State of New York: Comprising the Revised Statutes as They Existed on the 1st Day of July, 1862, and ... the Material Notes of the Revisers* (e.g., 1863, vol 4) Contents at xv–xvi (referring to Ch XVII at 655, 663, 671).

<sup>242</sup> *Bloss and Adams v Bloomer*, 23 Barb 604, Cox Amer TM Cas 200 at 205 (NY Sup Ct 1857) [emphasis added] (case regarding the use of the trademark owner’s authentic bags to sell the defendant’s own seeds).

separate set of constitutional indicia or factors regarding the validity of federal civil remedies.<sup>243</sup>

This set was separate from the *General Motors* indicia regarding the validity of federal legislation under the general branch of section 91(2). In particular, Dickson CJ upheld the validity of a federal civil remedy under the *Combines Investigation Act*, and LeBel J in *Kirkbi* summarized those factors as follows:<sup>244</sup>

Dickson C.J. [in *General Motors*] highlighted the following three factors: (i) the provision was remedial and was not in itself a substantive part of the Act; the provision did not create a general cause of action; (ii) its application was limited by the provisions of the Act; and (iii) Parliament was not constitutionally precluded from creating rights of civil action where such measures are shown to be warranted (p. 673)

LeBel J then held that the civil remedy based on a contravention of the prohibition in section 7(b) of the *Trademarks Act* equally satisfied those federal civil remedy factors.<sup>245</sup> That decision, in turn, supports the view that the other federal civil remedies in the field, particularly regarding the infringement of registered marks, also satisfy those federal civil remedy factors.

Further support might be found in a passage in Dickson CJ's reasons in *General Motors*. He referred to the decision in *Vapor* in detail, and noted that Laskin CJ supported the validity of certain trademark legislation even though "[t]he enforcement of the trade mark provisions of the Act were, and still are, left to suit by private actors."<sup>246</sup>

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<sup>243</sup> *General Motors*, *supra* note 76 at 672–674.

<sup>244</sup> *Kirkbi*, *supra* note 11 at para 24.

<sup>245</sup> *Ibid* at paras 24–27, 33.

<sup>246</sup> *General Motors*, *supra* note 76 at 693.

Understandably, the ruling of LeBel J (on behalf of the court) could be questioned on the basis that section 7(b) does not necessarily satisfy the first federal civil remedy factor cited above, in that section 7(b) may very well constitute a “substantive” part of the legislation. As mentioned, the provision relates to the core objectives of the law in the field.<sup>247</sup> Nevertheless, LeBel J did rule that the factor was satisfied.

Furthermore, Dickson CJ supported his decision to uphold the civil remedy impugned in *General Motors* by referring to the fact that federal civil remedies have been enacted elsewhere, such as in the fields of patents and copyrights.<sup>248</sup> This could be strengthened by the fact that such civil remedies were enacted federally by framers immediately after Confederation.<sup>249</sup>

One could also question the soundness of the first federal civil remedy factor itself. That is, perhaps an even simpler approach would be to return again to the actual wording of the Constitution. The call for a federal civil remedy to be a “substantive part” of an act may constitute another judicial doctrine that is suspect insofar as it tends to override the issue pursuant to the actual wording and original understanding of the Constitution of whether the legislative authority relates to a matter that comes within one of the classes enumerated in section 91. The federal civil remedies in the field should be understood as relating to a matter of trademarks or unfair competition, which should in turn come within the class of “Regulation of Trade and Commerce.” That is, it seems entirely natural that allowing for regulations as to unfair

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<sup>247</sup> As discussed, for example, in section 5.3 above.

<sup>248</sup> *General Motors*, *supra* note 76 at 693.

<sup>249</sup> See, e.g., *Copyright Act of 1868*, 31 Vict, c 55, s 16; see also ss 10–12, 17, 18. As to the relevance of legislation enacted shortly after Confederation, see the discussion in section 4.3 above.

trade and commerce to be enforced by means of civil remedies should fall within the natural understanding of the words “regulation of trade and commerce.” Consider also that there is nothing in section 91(2) that expressly excludes the regulation of trade and commerce by means of civil actions for civil remedies. Dickson CJ effectively indicated as much in *General Motors* when he said that the impugned civil remedy in the *Combines Investigation Act* served not just the private interest of compensation, but also the public interest of prevention and deterrence.<sup>250</sup>

One can also further question the comments of Laskin CJ in *Vapor* where he seemed to resist almost any form of federal civil remedy. For example, he said that Parliament cannot “acquire legislative jurisdiction by supplementing *existing* tort liability,”<sup>251</sup> and that Parliament “has simply extended or intensified *existing* common and civil law of delict to a liability by statute which at the same time has prescribed the *usual* civil remedies open to an aggrieved person [that is, to the deceived purchaser].”<sup>252</sup> With respect, the question was not whether Parliament has attempted to “acquire legislative jurisdiction by supplementing existing tort liability,” but whether, in accordance with the wording of the Constitution, that legislative authority (regarding a civil remedy or otherwise) was “in relation to” a “matter” “coming within” one of the enumerated classes of subjects over which Parliament has paramountcy, including the class of subject comprising the regulation of trade and commerce. That power is “notwithstanding” such provisions as section 92(13). Accordingly, as indicated in a number of earlier cases, including *Citizens’ Insurance Company v Parsons* (1881), if the subject of the impugned provincial law

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<sup>250</sup> *General Motors*, *supra* note 76 at 683–689.

<sup>251</sup> *Vapor*, *supra* note 7 at 165 [emphasis added].

<sup>252</sup> *Ibid* [emphasis added].

falls within section 91(2), it is understood that the law was intended to fall within that power “notwithstanding” whether it also “prima facie” falls within section 92. The prima facie provincial power is “thereby overborne” (unless it falls within the narrow provincial power that itself needs to be carved out of a federal power).<sup>253</sup> So, even if certain legislative authority is in respect of an “existing tort liability,” if it was assigned to Parliament, it belongs to Parliament.

It can also be emphasized that the wording of the constitutional power does not merely authorize “The Regulation of Trade and Commerce,” but legislation in relation to matters which come within that class, among others. Thus, a civil remedy could very well constitute legislation in relation to the “Regulation of Trade and Commerce” and thus fall within section 91(2), even if it does not itself constitute “regulation.”

Thus, the validity of a civil remedy in respect of trademark infringement (whether registered or unregistered) can be explained in simplified terms as legislation is “in relation to” a matter of trademarks, on the understanding such matter comes within section 91(2).

## 6.0 Conclusion

Certain courts have tried to impose limitations on federal legislative authority within the field of trademarks, namely, that a proper “trademark” must be involved and that the mark must be properly “used.” But that jurisprudence has a number of inherent flaws.

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<sup>253</sup> *Parsons*, *supra* note 73 at 107–109, 111, 112. See also the jurisprudence cited by Jaccett CJ of the Federal Court of Appeal (previously deputy minister of justice and a constitutional law writer) in the decision under appeal in *Vapor*: (1972), 8 CPR (2d) 15 at 25.

There are also some concerns as to the scope and soundness of certain aspects of the constitutional decision of the Supreme Court of Canada in *Kirkbi*. There is some doubt whether all existing legislation in the field of trademarks would be judged to be valid pursuant to the currently accepted principles governing the interpretation of the federal trade and commerce power.

Such jurisprudence is based on a number of obiter comments by the Supreme Court in *Vapor*, but those comments could be reconsidered. For example, with great respect, the court in that case did not fully understand the substantive nature or social objectives (pith and substance) of such legislation, and the court proceeded as if the subject of unfair competition constitutes a matter different from the subject of trademarks.

Nevertheless, despite such confusion, it should be obvious that trademark legislation, at least in respect of interprovincial trademark activity and unfair competition, falls within the federal domain insofar as it is inherently beyond the territorial reach of the provincial legislatures.

As to intraprovincial activity (and, further, as to interprovincial activity), there are strong implications that legislation regarding trademarks and unfair competition was intended by the framers of the Constitution to fall within the federal domain because it was effectively enacted federally prior to Confederation in the quasi-federal colonial Province of Canada, and then enacted federally shortly after Confederation with many of the framers being involved in the federal and provincial governments.

In earlier cases, it was judicially recognized that the federal Parliament has at least some sort of power in respect of “trademarks” within the trade and commerce power, even in accordance with the strained interpretation of that power. Two decisions in the late 1930s, *Good Humor* and

*Canada Standard*, went even further in actually deciding that a wider range of such legislation falls within the trade and commerce power.

And, insofar as the issue may be revisited one day, it should be simple enough to see that legislation in the field falls within the literal, original understanding of that power. In particular, legislative authority regarding the registration scheme as provided in the *Trademarks Act*, the civil remedy pursuant to section 20 of the Act for infringement of a registration, and the civil remedy pursuant to section 7(b) of the Act all fall within the domain of the federal Parliament, particularly under the federal trade and commerce power pursuant to section 91(2) of the *Constitution Act, 1867*. And this is without the limitations of involving a proper “trademark” that has been “used” as defined in the *Trademarks Act*; with great respect, those limitations should be reconsidered.