Mark Adopted by Public Authority as an Official Mark is Not a Defence to Allegations of Infringement

October 04, 2018

Quality Program Services Inc. v. Canada **, 2018 FC 971**

The Plaintiff, Quality Program Services Inc. (QPS), brought an action against Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy (Ontario) for trademark infringement, passing off and depreciation of goodwill. The QPS registered a trademark “EMPOWER ME” in connection with energy awareness, conservation and efficiency services. Ontario uses the mark “emPOWERme” in connection with a website used to educate Ontario electricity ratepayers about the Ontario electricity system and energy conservation.

The Empower Me Program developed by QPS is directed to communities of new Canadians, and works by hiring people from these communities as “Energy Mentors”, who then recruit “Champions”. The Energy Mentors work with the Champions to provide them with information about energy conservation and efficiency. Revenue is derived by QPS through sponsorships by local government, utilities companies and businesses. At the time of the within motion by QPS, the Empower Me Program was being operated only in British Columbia but affidavit evidence indicated a plan to expand the program into Alberta and Ontario in 2018. The trademark “EMPOWER ME” was granted on July 23, 2014, and has been used since then.

Ontario, in November 2013, announced that it would be launching a website with the name “emPOWERme” in order to help provide an understanding of the province’s electricity system to energy consumers in Ontario. The website was launched, and QPS became aware of the website in November 2015.

At Ontario’s request, and after the commencement of the action, the Registrar of Trademarks gave public notice of Ontario’s adoption and use of “emPOWERme” as an official mark of the Government of Ontario under s 9(1)(n)(iii) of the *Trademarks* Act (*Act*). Ontario argued that this status as an official mark provided a complete defence to the claim brought by QPS.

This decision related to a motion for summary trial under Rule 213 of the *Federal Courts Rules*. The Court held that a summary trial was appropriate in the circumstances.

As a first step, the Court considered whether s. 9(1)(n)(iii) of the *Act*, or the official mark status of Ontario's mark, was a defence against the claims made by QPS. The Court concluded that this section does not prevent claims made against Ontario, including for trademark infringement under the *Act*, but rather provides a prohibition against the adoption of a mark.

After determining that Ontario cannot rely on this section as a defence, the Court considered whether Ontario infringed QPS' trademark. The Court concluded that s. 19 of the *Act* did not apply because the spacing and capitalization differ between the two marks, although the letters are the same. Before considering whether there is confusion between the two marks, the Court first addressed whether the operation of the website by Ontario was distribution or advertisement of services as required by s 20(1)(a) of the *Act*. The Court concluded that Ontario's operation of its website constitutes a service and, in particular, educating electricity consumers and assisting them to conserve energy is a service for the purposes of the *Act*. The Court also noted that no commercial element is required for a trademark to be used in association with services under s 4(2), although the Court refused to provide a definitive conclusion on the point because it was not necessary.

The Court noted that QPS provides its services in British Columbia, and Ontario operates its website in Ontario. The Court found that there is a high degree of resemblance between the two marks. The Court also found that QPS' mark has limited inherent distinctiveness because it uses ordinary dictionary words although it has more substantial acquired distinctiveness because of its use in the program since 2012. The Court concluded that the distinctiveness factor favours a finding of confusion, and the length of time that the marks have been in use slightly favours QPS because the time has been similar between the two. Having considered all of the factors for confusion, the Court concluded that QPS met the test for confusion, and concluded that that the Ontario mark infringes.

The Court noted that it did not need to address the alternative claims because QPS was successful on s. 20 but it did so for the purposes of completeness. The Court concluded that there was insufficient evidence to make a finding that QPS' goodwill in British Columbia had been adversely affected by Ontario's use of its mark on its Ontario website. Further, QPS did not succeed in meeting the test under s 22 of the *Act*. The Court awarded damages to QPS in the amount of $10,000.00.

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