

## CANADA TAKES THE “HIGH” ROAD - BALANCING “FREE SPEECH” AND “GOOD TASTE” IN TRADEMARKS

Schedule B to the *Constitution Act 1982* Part I, the “*Canadian Charter of Rights and Freedoms*” [hereinafter “*The Charter*”] came into force on April 17, 1982.<sup>1</sup>

### “Guarantee of Rights and Freedoms”

Section 1 of *The Charter* provides:

1. The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.<sup>2</sup> [emphasis added]

### “Fundamental Freedoms”

Subsection 2(b) provides:

2. Everyone has the following fundamental freedoms:

...

(b) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication<sup>3</sup> [emphasis added]

### “Equality Rights”

Section 15 provides:

15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability. [emphasis added]

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.<sup>4</sup> [Section 15 had effect on April 17, 1985]

### “Enforcement”

Subsection 24(1) provides:

24. (1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.<sup>5</sup>

“General”

Moreover:

- Section 25 specifically states that the guarantees of certain rights and freedoms shall not be construed to abrogate or derogate from any Aboriginal, treaty or other rights or freedoms.<sup>6</sup>
- Section 27 provides that *The Charter* shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.<sup>7</sup>
- Part II deals exclusively with “Rights of the Aboriginal People of Canada” pursuant to Section 35.<sup>8</sup>

Therefore, the fundamental freedom of expression guaranteed by Subsection 2(b) of *The Charter* may be reasonably limited by law under Sections 1 and 15. *The Charter* also provides that an individual may challenge those limitations under Section 24.

In addition, other provisions of *The Charter* may be invoked by either the government or an individual where applicable.

Part VII to the *Constitution Act*, 1982

“General”

Finally, Subsection 52(1) establishes the primacy of the Constitution of Canada and provides:

52. (1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.<sup>9</sup>

Subsection 9(1)(j) of Canada’s *Trade-marks Act*

Trademarks in Canada are governed by the *Trade-marks Act*<sup>10</sup> [the “*Act*”].

Subsection 9(1)(j) the *Act* empowers the Canadian Intellectual Property Office [“CIPO”] to prohibit the registration or common law use of a trademark that is deemed to contain or resemble anything scandalous, obscene or immoral. Specifically:

9 (1) No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for,

...

(j) any scandalous, obscene or immoral word or device.<sup>11</sup> [emphasis added]

Section IV.10.6 of the *Trademarks Examination Manual*<sup>12</sup>

To assist an examiner in assessing whether or not an office action pursuant to Subsection 9(1)(J) of the *Act* should be issued. Section IV.10.6 of the *Trademarks Examination Manual* provides the following guidance with respect to marks which may be prohibited on the basis that they are “scandalous, obscene or immoral”:

- A scandalous word or design is one which is offensive to the public or individual sense of propriety or morality, or is a slur on nationality and is generally regarded as offensive. It is generally defined as causing general outrage or indignation.
- A word is obscene if marked by violations of accepted language inhibitions or regarded as taboo in polite usage. This word is generally defined as something that is offensive or disgusting by accepted standards of morality or decency; or offensive to the senses.
- A word or design is immoral when it is in conflict with generally or traditionally held moral principles, and generally defined as not conforming to accepted standard of morality.<sup>13</sup>

Moreover, Section IV.10.6 of the *Trademarks Examination Manual* states that in order to determine whether a word or device is scandalous, obscene or immoral under Subsection 9(1)(j) of the *Act*, the examiner must establish that the trademark would offend “the feelings or sensibilities of a not insignificant segment of the public.”<sup>14</sup> [emphasis added]

To date, there has not been a constitutional challenge of the validity, on its face, of Subsection 9(1)(j) of the *Act* which prohibits any adoption of a scandalous, obscene or immoral word or device, which is arguably more restrictive than impugned Section 2(a) of the *Lanham Act*<sup>15</sup> which deals exclusively with a prohibition on the registration of scandalous trademarks.

However, while Section 9(1)(j) of the *Act* may be demonstrably justified pursuant to Sections 1 and 15(2) of *The Charter*, it is arguably more difficult for the government to justify an outdated and non-Charter compliant set of guidelines to the Examiners pursuant to Section IV.10.6 of *Trademarks Examination Manual* and case law dating back to 1946.

Should a constitutional challenge arise, focus on the subjective nature of CIPO’s outdated unconstitutional “Guidelines” resulting in seemingly irreconcilable objections and registrations may form the basis of a successful challenge to Section 9(1)(j) of the

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Act as an unjustifiable limit on an individual’s fundamental freedom of expression in Canada pursuant to Section 2(b) of *The Charter*.

### The North American Free Trade Agreement (“NAFTA”) Implications

Article 1708, Section 14 of NAFTA, in force as of January 1, 1994, details the nature and scope of responsibility with respect to intellectual property rights, including Trademarks, of the United States, Mexico, and Canada, namely with respect to each parties obligation to:

“...refuse to register trademarks that consist of or comprise **immoral**, deceptive or scandalous matter, or matter that may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs or any Party's national symbols, or bring them into contempt or disrepute.”<sup>16</sup> [emphasis added]

In the event that Section 2(a) of the United States *Lanham Act* is deemed unconstitutional on its face by the United States Supreme Court in *Re: Brunetti*<sup>17</sup> then the United States will be non-compliant with Article 1708, Section 14 of *NAFTA*. Notably, the new *U.S.-Mexico-Canada Agreement*, not yet in force, does not contain a provision limiting the registration of immoral, deceptive or scandalous marks.

### The Subjective nature of Subsection 9(1)(j) of the Act: Allowed, Registered, Assigned and Renewed - Hells Angels Motorcycle Corporation Valid and Existing trademark registrations in Canada

- 1979: Incorporation of Hells Angels Inc.
- 1989: Trademark Registration No. TMA354,187 for HELLS ANGELS (March 31, 1989); and Trademark Registration No. TMA356,391 for HELLS ANGELS & DESIGN (May 26, 1989) in association with “jackets, belt buckles, rings, scarves and calendars, t-shirts, hats, jewelry, namely pins and badges, and printed matter; namely posters, magazines, bumper stickers and decals”.
- 1995: Hells Angels Inc. (1979) dissolved.
- 2008: Assignment of Trademark Registrations to Hells Angels Motorcycle Corporation.
- 2000: Michel Auger, the crime correspondent of Le Journal de Montréal was shot five times in the parking lot of Le Journal de Montréal by members of the Hells Angels.
- 2002: Crown Prosecutors successfully sought to have the Hells Angels formally declared a "criminal organization" by applying the anti-gang legislation to a criminal prosecution involving Hells Angels.
- 2002: Trademark Registration No. TMA567,023 for BIG RED MACHINE in the name of Hells Angels Motorcycle Corporation.

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- 2004: Trademark Registration No. TMA592,592 for RED & WHITE in the name of Hells Angels Motorcycle Corporation.
- 2004: Renewal of Trademark Registration Nos. TMA354,187 for HELLS ANGELS and TMA356,391 for HELLS ANGELS & DESIGN.
- 2005: Justice Michelle Fuerst held that Hells Angels members had committed extortion in association with a criminal organization and had used the Hells Angels’ reputation as a weapon<sup>18</sup>.
- 2017: Renewals of Trademark Registration No. TMA567,023 for BIG RED MACHINE and Registration No. TMA592,592 for RED & WHITE.
- 2018: Assignment of Trademark Registration No. TMA567,023 for BIG RED and Registration No. TMA592,592 for RED & WHITE from Hells Angels Montreal Inc. to Hells Angels Motorcycle Corporation.

### CIPO’s inconsistent approach to “BASTARD” trademarks

Allowed:

- A portfolio of trademark registrations owned by The Fat Bastard Franchise Group Inc., namely Canadian Trademark Registration No. TMA818,986 for FAT BASTARD BURRITO and Canadian Trademark Registration No. TMA873,077 for FAT BASTARD BURRITO CO. & DESIGN in association with apparel and the operation of restaurants.
- Canadian Trademark Registration No. TMA660,750 for FAT BASTARD by MIDWEST MOTORCYCLE SUPPLY DISTRIBUTORS CORP in association with motorcycles, dolls, plush toys and action figures.
- Canadian Trademark Registration No. TMA579,078 for FAT BASTARD by Peter Whitney c.o.b. The Wine Thief in association with wine and the operation of a website relating to wine and wine products.

Section 9(1)(j) Objection:

- Office Action objecting to “LUCKY BASTARD” by LB Distillers Inc. in association with the goods “distilled spirits, alcoholic beverages” as being “scandalous, obscene, or immoral” (Examiner’s Objection issued for Application No. 1,520,805 on September 15, 2011; Abandoned on November 20, 2012).
- Office Action objecting to “LUCKY BASTARD” by Skatchwyn Distilling Company Inc. in association with the goods “distilled spirits, alcoholic beverages” as being “scandalous, obscene, or immoral (Examiner’s Objection issued for Application No. 1,712,339 on October 8, 2015; Defaulted on May 15, 2018).

No longer Immoral, Obscene or Scandalous – Cannabis marks dominate new applications and are exempt from use requirements under certain conditions

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- Effective October 17, 2018 recreational use of Cannabis was legalised in Canada.
- Pursuant to section 132(2) of the *Cannabis Act*, non-use of a trademark is justifiable.<sup>19</sup>

As of October 17, 2018, there are more than 3000 active trademarks with CIPO including over 175 active registrations in association with cannabis or cannabis-related goods or services. As CIPO processes these trademark applications, Health Canada is concurrently working on regulations to restrict the kind of branding that cannabis companies can use in association with their products.

### An Aboriginal perspective of sports team names and logos and the evidence of Douglas Cardinal

In 2016, Douglas Cardinal, a residential school survivor and a renowned architect in Canada, initiated complaints before the Ontario Human Rights Commission (OHRC) and the Canadian Human Rights Commission (CHRC), to enjoin the Cleveland Baseball Company, Major League Baseball, and Rogers Communications Inc., from using the word “Indian” and the “Chief Wahoo” logo in Canada. Just hours before the Cleveland playoff game in Toronto, Mr. Cardinal filed an application for an injunction enjoining these same activities pending the outcome of the Commission proceedings.<sup>20</sup>

On November 30, 2016, Justice McEwen held that Douglas Cardinal and other Indigenous persons, who find the name and logo offensive, may feel harmed but still dismissed the Application on the basis that “the remedies sought would only have very limited value since they would not bind other media broadcasting the Name or Logo in Canada, nor would it prevent fans, who would undoubtedly be part of the broadcast, from wearing team apparel displaying the Name and Logo”.<sup>21</sup>

Nonetheless, in September 2018, Cleveland altered their jerseys before a four game series in Toronto. Players wore a navy blue cap with a red C on it and the offensive logo was removed from its usual spot on the left sleeve of their grey “away” jerseys as Cleveland took the field against the Toronto Blue Jays at Rogers Centre. They have announced the removal of their logo effective 2019.

### Scandalous, Obscene and Immoral Grandfathered Registrations in Canada

More astonishing is the fact that CIPO has failed to take any form of remedial or corrective action with respect to the current state of the trademarks registry for existing registrations, which have been described or contain definitions of goods that are clearly offensive, given that Subsection 9(1)(j) of the *Act* prohibits any adoption of the offending mark, be it registered or unregistered.

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Under the *Newfoundland Act* on March 31, 1949, Newfoundland became a province of Canada with a provision for all trademarks registered in Newfoundland to maintain those same rights. As a result of the *Newfoundland Act*, there are Newfoundland trademarks listed on the Register which have different rights and requirements than all other trademarks in Canada.

The following registrations have been valid and existing on the trademarks registry since 1945:

- Canadian Trademark Registration No. NFLD2640 for PARISIAN, JAVEL WATER, WOMAN & DESIGN owned by Kik Holdco Company Inc., which was registered on June 23, 1945. (The Trademark Description of the mark as entered by CIPO is “A label having a white border inside of which is a border of black and red squares, at the top of which label appears the design of a **nigger woman** carrying a basket of laundry immediately under which appears the word PARISIAN in red letters...” [emphasis added].
- Canadian Trademark Registration No. UCA32464 for ESCO owned by Esco Corporation<sup>22</sup> in association with the goods “...**nigger bars**...” [emphasis added], was registered on October 5, 1948 and last renewed on October 5, 2008.

### Conclusion

Arguments are often advanced for the contextualization of the allowance and registration of scandalous, obscene or immoral words or devices. This is just as true in Canada as it is elsewhere in the world.

Similarly, Subsection 9(1)(j) of the *Act* which borrows from impugned Subsection 2(a) of the Lanham Act might also benefit from contextualization as it was added just after the world emerged from World War II.

Arguably Subsection 9(1)(j) can be justified pursuant to Sections 1 and 15(2) of *The Charter*. However, the existing guidelines under The Examination Manual should be updated to conform with the law developed under *The Charter* since its coming into force on April 17, 1982, or risk undermining Subsection 9(1)(j) of the *Act* in the face of a *Charter* challenge.

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<sup>1</sup> *Canadian Charter of Rights and Freedoms*, Part I of the *Constitution Act*, 1982, being Schedule B to the Canada Act 1982 (UK), 1982, c 11.

<sup>2</sup> *Ibid* at s 1.

<sup>3</sup> *Ibid* at s 2(b).

<sup>4</sup> *Ibid* at s 15.

<sup>5</sup> *Ibid* at s 24(1).

<sup>6</sup> *Ibid* at s 25.

<sup>7</sup> *Ibid* at s 27.

<sup>8</sup> *Rights of the Aboriginal Peoples of Canada*, s 35, Part II of the *Constitution Act*, 1982, being Schedule B to the Canada Act 1982 (UK), 1982, c 11.

<sup>9</sup> *General*, s 52(1), Part VII of the *Constitution Act*, 1982, being Schedule B to the Canada Act 1982 (UK), 1982, c 11.

<sup>10</sup> *Trade-marks Act* (R.S.C., 1985, c. T-13).

<sup>11</sup> *Ibid* at s 9(1)(j).

<sup>12</sup> Canadian Intellectual Property Office, *Trademarks Examination Manual* at s IV.10.6 (Date modified: 2018-04-23).

<sup>13</sup> *Ibid*.

<sup>14</sup> *Ibid*.

<sup>15</sup> 15 U.S.C. § 1052(a).

<sup>16</sup> *The North American Free Trade Agreement*, Article 1708, Section 14.

<sup>17</sup> *Re: Brunetti*, 877 F.2d 1330 (Fed. Cir. 2017).

<sup>18</sup> *R. v. Lindsay*, 2005 CanLII 24240 (ON SC).

<sup>19</sup> *Cannabis Act* (S.C. 2018, c. 16), at s 132(2).

<sup>20</sup> *Cardinal v. Cleveland Indians Baseball Company Limited Partnership*, 2016 ONSC 6929.

<sup>21</sup> *Ibid* at para 79.

<sup>22</sup> Registered pursuant to the *Unfair Competition Act*, 1932.