

**THE QUEBEC COURT OF APPEAL RULES ON THE NECESSITY FOR A FOREIGN ENTITY TO REGISTER WITH THE PROVINCIAL AUTHORITIES IN ORDER TO PURSUE TRADE-MARK LITIGATION IN QUEBEC**

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The Quebec Court of Appeal recently ruled that a foreign corporation, owner of a Canadian trade-mark, did not have to register with Quebec's Inspector General of Financial Institutions ("IGFI") in order to pursue legal proceedings for trade-mark infringement since it did not carry on any commercial activities in the Province of Quebec (*White International Management Inc. v. 9041-8351 Quebec Inc.*, C.A.M. 500-09-011278-017, January 11, 2002, Mailhot, Dussault and Thibault JJ.A.).

### **Mandatory Registration in the Province of Quebec**

*An Act Respecting the Legal Publicity of Sole Proprietorships, Partnerships and Legal Persons*, R.S.Q. c. P-45 ("Legal Publicity Act") came into force on January 1, 1994. The *Legal Publicity Act* provides that any person or partnership carrying on an activity in Quebec is required to register with the IGFI, whether or not this person or partnership is formed in Quebec. The purpose of registration is to enable the public to obtain reliable information concerning the identity of Canadian and foreign entities which carry on commercial activities in Quebec. The IGFI is responsible for maintaining a public register of all such registered persons or partnerships<sup>1</sup>.

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<sup>1</sup>The register is accessible free of charge at:  
[https://ssl1.igif.gouv.qc.ca/index\\_recherche\\_consultation.htm](https://ssl1.igif.gouv.qc.ca/index_recherche_consultation.htm)

## The facts

White International Management Inc. (“White”) is a company incorporated in the Bahamas and is the registered owner, in Canada, of the trade-mark CENTRE DE SANTÉ MINCEUR (TMA 489,713) in association with wares and services relating to weight control.

Gestion Finance Tamalia (“Tamalia”) is a company incorporated in Quebec and duly registered with the IGFI. Further to an exclusive verbal license agreement, Tamalia was authorized by White to commercialise the wares and services under the CENTRE DE SANTÉ MINCEUR trade-mark. Tamalia operated a franchise business whereby the franchisees used the CENTRE DE SANTÉ MINCEUR as a trade-mark and also as a business name.

9041-8351 Quebec Inc. (“Quebec Inc.”) was a franchisee, and upon termination of its franchise agreement with Tamalia, Quebec Inc. continued to use the CENTRE DE SANTÉ MINCEUR trade-mark and business name.

White and Tamalia instituted proceedings for interlocutory and permanent injunctive relief against Quebec Inc. who immediately requested that White post a security for costs, since it was a foreign plaintiff, and that White register its business with the IGFI. Quebec Inc. further asked that the Court suspend all legal proceedings against it pending White obtaining registration with the IGFI.

## The Quebec Superior Court judgement

In rendering his judgement, the Superior Court Judge relied on Quebec Inc.’s allegations that White not only controlled the quality of the wares and services under license, but also profited financially from Tamalia’s licensed use of the CENTRE DE SANTÉ MINCEUR trade-mark. The Judge applied the presumption under Section 6 of the *Legal Publicity Act* that any person or partnership which carries out an act for the purpose of profit is presumed to be carrying on an activity or operating an enterprise in Quebec. The Trial Judge therefore granted Quebec Inc.’s motion for a security for costs, and ordered White to obtain registration in accordance with the *Legal Publicity Act*. The Judge further ordered that that all proceedings be stayed pending registration.

White disagreed with the Superior Court judgement and appealed the decision to the Quebec Court of Appeal.

## The Quebec Court of Appeal judgement

On appeal, White pleaded that it was not obligated to register with the IGFI since it did not carry any commercial activities in Quebec. Quebec Inc. pleaded that White was presumed to carry on activities in Quebec since it had an address, that of its representatives for service, as appeared from the trade-mark register. In addition, Quebec Inc. relied on Section 50 of the *Trade-Marks Act*, R.S.C. ch. T-13 ("*Trade-Marks Act*") arguing that by exercising control over the quality of the wares and services commercialised by Tamalia, White also commercialised the said wares and services, thus carrying on commercial activities in the Province of Quebec.

Firstly, the Court considered only the facts contained in the proceedings forming part of the court record, namely the interlocutory and permanent injunction proceedings. In the Court's opinion, the proceedings were silent as to the financial aspects of the license agreement between White and Tamalia. Nothing in the record demonstrated that profit inured to White further to the verbal license agreement. In the Court's view, Quebec Inc. confused the notion of carrying on a commercial activity under the *Legal Publicity Act* with the notion of exercising the rights conferred upon a trade-mark owner by virtue of its trade-mark registration. The fact that White exercised some form of quality control over Tamalia's use of the CENTRE DE SANTÉ MINCEUR trade-mark did not constitute proof that White carried on commercial activities in Quebec.

Secondly, the Court ruled that Quebec Inc. incorrectly relied on Section 50 of the *Trade-Marks Act* to assert that a trade-mark registration was sufficient in itself to show use by its owner. Section 50 of the *Trade-Marks Act* sets out the conditions for licensing trade-mark rights to a third party. This section further provides that the trade-mark owner must be a party to any action for infringement of its trade-mark. The Court ruled that White was legally entitled, and obligated, to institute legal proceedings against Quebec Inc. in order to protect and defend its trade-mark rights.

Thirdly, the fact that White had designated a representative for service for the purpose of its trade-mark registration could not be construed as White having an address or place of business in Quebec for the purpose of the *Legal Publicity Act*. Section 30 of the *Trade-Marks Act* specifically requires foreign entities who do not have a place of business or office in Canada to designate a representative for service. Once again, the Court deemed that Quebec Inc.'s argument was moot.

The Court of Appeal concluded that the *Legal Publicity Act* must not be interpreted as requiring all foreign entities wishing to exercise their rights and

recourses in the Province of Quebec to register with the IGFI. Consequently, Quebec Inc.'s appeal was dismissed with costs.

This case constitutes a reminder for all trade-mark owners, whether national or foreign, to exercise care in ensuring that they have complied with the trade-mark and commercial laws in force in the various territories where they carry on, or intend to carry on, their activities, as they may eventually encounter problems enforcing their rights due to non compliance with the law.

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