TARGETING THE CANADIAN CONSUMER

An Important Primer on the Advertising and Marketing Laws in Canada

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BLG
Borden Ladner Gervais

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Borden Ladner Gervais LLP

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1.

INTRODUCTION

Traditional methods of marketing – advertisements, give-aways, promotions and contests – can still be an effective way to sell a product or service. However, newer online advertising tactics and technologies have now created opportunities to cast a wider net and build a truly global customer base. They have also created legal and business risks. Depending on the nature of the marketing activity adopted, many areas of law may apply, including anti-spam (CASL), competition, consumer protection, criminal, intellectual property, packaging and labelling, language and privacy laws.

For example, consider the following scenario:

> *The marketing team of a U.S. beverage company has created a website to launch a new brand of beverage with the intention of targeting both the U.S. and Canadian market. The marketing plan includes a sweepstakes open to both U.S. and Canadian residents; providing coupons to those who subscribe to the company's email list so they can receive discounts on buying the beverage at their local retailers; requesting the public to submit pictures so people can vote on which should appear on the company's beverage bottles; and an online video advertising the beverage while making nutritional claims. They have signed an agreement with a third party to assist with handling their email list, distribution of coupons and general handling of communications pertaining to the email list.*

There are a number of Canadian legal issues in the scenario above and some of them may be hard to spot. This publication is designed to provide you with helpful general information including some of the issues raised in the example above. It will be of interest to organizations who are currently marketing, or looking to market, their goods and/or services in Canada.

While we hope that you will find this publication useful, the information in it is of a general nature, and should not be regarded as exhaustive in nature or as legal advice. The laws in this area are often complex and they must be considered in the circumstances in which they arise. We urge you to obtain legal advice at an early stage.

BLG's Advertising, Marketing and Sponsorship Group

The Advertising, Marketing and Sponsorship Group of Borden Ladner Gervais LLP is a multidisciplinary focus group that provides comprehensive, practical and timely advice. Our Group members practice in a range of specialized areas, including competition, litigation, intellectual property and corporate and commercial law. Together, we employ a market-aware approach to provide creative, insightful and efficient campaign solutions to players in various industries.

We would like to thank the following group members for their contribution in creating this publication: Tracy Corneau (Intellectual Property), Robert Deane (Misleading Advertising), Kathleen Lemieux (Intellectual Property), Adrian Liu (Consumer Protection, Internet and New Media), Barbara McIsaac (Privacy), LuAnne Morrow (Intellectual Property, Promotions and Sponsorship), Christine Pallotta (Intellectual Property), Court Peterson (Defamation), Victoria Prince (Contests and Advertising) and Michael Smith (Defamation). In addition, we would like to thank Jennifer Hefler, Andrea Pitts, Hafeez Rupani, Charmane Sing and Renai Williams for their contribution with this publication, as well as our colleagues who assisted with BLG's *Doing Business in Canada* and *Intellectual Property Primer* publications.

To learn more about the Advertising, Marketing and Sponsorship Group, please visit our webpage at **http://www.blg.com/en/expertise/advertisingmarketingandsponsorshiplaw**.

Eva Chan and Alexandra Nicol
National Leaders | Advertising, Marketing and Sponsorship Group

"BLG's Advertising, Marketing and Sponsorship Group is a multidisciplinary focus group that provides comprehensive, practical and timely advice."

2.

MISLEADING ADVERTISING AND DECEPTIVE MARKETING PRACTICES

In Canada, false or misleading advertising is prohibited by a number of federal and provincial statutes and regulations. The primary federal legislation that prohibits false or misleading advertising is the *Competition Act* (Canada), which also has a number of provisions prohibiting particular deceptive marketing practices. The main provincial statutes are consumer protection and business practices statutes.

2.1 Competition Act

Engaging in misleading advertising or deceptive marketing practices can carry significant criminal or civil consequences under the *Competition Act*. The *Competition Act*'s provisions apply to any person promoting, either directly or indirectly, the supply or use of a product or service or any business interest, by any means, including printed or broadcast advertisements, Internet advertisements, oral representations, and illustrations.

False or Misleading Representations

The *Competition Act* prohibits representations to the public that are materially false or misleading, that are not based on adequate and proper tests, that contain false testimonials or misstatements as to price, or contain representations in the form of warranties, guarantees or promises to replace, maintain or repair an article, where the warranty, guarantee or promise is materially misleading or there is no reasonable prospect that it will be carried out.

A false or misleading representation must be "false or misleading in a material respect" to contravene the *Competition Act*. "Material" does not refer to the value of the product to the purchaser but, rather, the degree to which the purchaser maybe influenced by the representation in deciding whether to purchase the product. The general impression conveyed by a representation, as well as its literal meaning, will be considered when determining whether the representation is false or misleading in a material respect.

Disclaimers will not necessarily save a representation from being false or misleading. A disclaimer cannot contradict the main message of the representation. When using disclaimers, factors to consider include the disclaimer content, placement, format and font size.

As a result of the Supreme Court of Canada's 2012 decision in *Richard v. Time*, misleading advertising claims brought under the *Competition Act* will generally be judged from the perspective of the "credulous and inexperienced consumer" and will be based on the general impression first created by the text and layout of an advertisement. As described by the Supreme Court, the credulous and inexperienced consumer is not particularly experienced at detecting the falsehoods or subtleties found in commercial representations, has less than average intelligence, skepticism and curiosity and is not particularly prudent, nor diligent, nor well-informed. The Commissioner of Competition has expressed the view that *Richard* v. *Time* is directly relevant to the application of the *Competition Act*, with the result that companies looking to avoid a run-in with the Competition Bureau should exercise additional caution when preparing marketing material. This is especially the case given the Competition Bureau's aggressive approach to enforcement; an approach that continues to include the pursuit of administrative monetary penalties of up to $10 million. The risk of these penalties is real. In 2012, the Commissioner successfully obtained the highest administrative monetary penalty awarded to date in a contested misleading advertising proceeding, being an award of over $9 million. The Competition Bureau has communicated its intent to continue to actively monitor and enforce the misleading advertising provisions of the *Competition Act*, with particular focus on e-commerce, as well as performance and pricing claims.

Ordinary Selling Price

The *Competition Act* specifically prohibits those engaged in the supply of products from making any false representation as to the ordinary selling price of a product. A supplier's advertised ordinary selling price must satisfy at least one of two tests in order to avoid contravening the *Competition Act*:

(i) a substantial volume of the product must have been sold at that price or a higher price, within a reasonable time before or after the making of the representation (referred to as the volume test); or

(ii) the product in question must have been offered for sale, in good faith, for a substantial period of time at that price or a higher price before or after the making of the representation (referred to as the time test).

For example, before making a price representation of "Our Regular Price $100, Sale Price $50", a supplier should ensure that it can establish that either:

(i) more than 50% of its recent volume of sales were made at $100 or higher; or

(ii) the product had recently been offered for sale in good faith at a price of $100 and either genuine sales had been made at $100 or, if no sales had been made at $100, such price was nevertheless a reasonable price in light of prevailing market conditions.

While the relevant timeframe for review varies depending on a number of factors (such as the seasonal nature of the product), 6-12 months is generally considered a reasonable rule of thumb.

Where false representations are made deliberately or recklessly, competition authorities can pursue the matter as a criminal offence.

Misleading Practices

The *Competition Act* sets out certain specific criminal offences dealing with misleading advertising, including double ticketing of prices, multi-level marketing, deceptive telemarketing and pyramid selling. It is also a criminal offence to make a representation which suggests that the recipient has won or will win a prize or benefit and that seeks payment from or requires the recipient to incur any cost, unless the recipient actually wins the contest and prescribed disclosure requirements are met. These are strict liability offences for which the Crown does not have to prove the intention to mislead or defraud. However, a due diligence defence is available to the accused.

In addition to these specific criminal offences, deliberate misleading conduct can be prosecuted under the general criminal prohibition against misleading advertising. A person convicted of criminal false or misleading advertising could be liable to a fine and/or jail time.

If it is found that an individual or company has violated one of the civil misleading advertising provisions, the *Competition Act* provides for sanctions, including orders prohibiting the continuation of the anti-competitive practice, requiring the party to publish a corrective notice and/or pay a significant administrative monetary penalty.

Conspiracy

The key criminal offence under the *Competition Act* is conspiracy, which involves any agreement or arrangement (formal or informal) between competitors or potential competitors to:

(i) fix, maintain, increase or control prices;

(ii) allocate sales, territories, customers or markets; or

(iii) fix, maintain, control, prevent, lessen or eliminate production or supply of a product.

Such agreements or arrangements are *per se* illegal, which means that there is no defence, circumstance or explanation for the conduct recognised by law. The penalties for a breach of the conspiracy provisions are severe. The maximum fine upon conviction is $25 million while the maximum term of imprisonment is 14 years. Further, the *Competition Act* permits anyone who has suffered a loss as a result of a conspiracy to seek damages through a civil action.

2.2 Consumer Protection Legislation

Canadian provincial consumer protection or business practices legislation also prohibits false or misleading advertising. Like Canada's *Competition Act*, this legislation applies to advertising in a broad range of media, including print, television broadcast, and the Internet. The "deceptive" or "unfair" acts or practices include, without limitation, making representations about price advantages that are not true, or making representations that goods or services:

(i) have ingredients, benefits or qualities that they do not have;

(ii) are of a particular standard, quality, grade, style or model if they are not; or

(iii) are sponsored or approved by a particular person or organization when they are not.

2.3 Other Considerations

Other relevant federal legislation includes, without limitation, the *Trade-marks Act* (Canada), the *Consumer Packaging and Labelling Act* (Canada) and the *Canada Consumer Product Safety Act* (Canada).

In addition, Advertising Standards Canada ("**ASC**"), Canada's advertising self-regulatory body, administers the *Canadian Code of Advertising Standards* ("**Code**"). The Code sets out criteria for acceptable advertising, and has provisions either prohibiting or restricting the use of, among other things:

(i) inaccurate, deceptive or otherwise misleading claims, statements, illustrations or representations;

(ii) price claims;

(iii) comparative advertising;

(iv) testimonials; and

(v) professional or scientific claims.

A consumer or a person in the trade industry may file a complaint with the ASC. The complaint will be reviewed against the Code. Since a complaint may be commenced against both members and non-members of the ASC, the Code should be kept in mind when developing advertisements and marketing campaigns.

3.

INTERNET AND NEW MEDIA

Advertising and marketing on the Internet is generally subject to the same laws as advertising in print and other media. There are also laws and guidelines specifically aimed at online advertising and marketing. For example, the Canadian Competition Bureau has published guidelines on the *Application of the Competition Act to Representations on the Internet*. The *Canadian Code of Practice for Consumer Protection in Electronic Commerce* should also be considered, as it deals with online privacy and communications with children.

Some of the more recent regulatory actions include the introduction of legislation prohibiting the transmission of unsolicited commercial electronic messages (or spam), guidelines addressing online behavioural advertising, and court decisions involving defamation.

3.1 Anti-Spam

Canada's anti-spam law (commonly known as "**CASL**") is designed to prohibit unsolicited or misleading commercial electronic messages ("**CEMs**") and deter other forms of online fraud. It generally applies if a computer system in Canada is used to send or access a prohibited CEM, regardless of the location of the sender or recipient. This section focuses on the provisions of CASL relating to CEMs, which came into force on July 1, 2014. Other key dates are January 15, 2015 (when CASL prohibits the installation of a computer program on another person's computer, unless express consent has been obtained) and July 1, 2017 (when a private right of action can be launched against a sender with respect to a violation of CASL).

The Basic Prohibition

CASL prohibits the sending of a CEM unless: (i) the recipient has consented to receiving the CEM, and (ii) the CEM complies with certain form and content requirements.

CASL uses broad, open-ended definitions, so that it applies to electronic messages sent by any means of telecommunication (including text, sound, voice, or image) to an address for an email account, instant messaging account, telephone account, or any similar account. There are limited exceptions such as for interactive two-way voice communications, faxes and voice messages.

An electronic message is considered to be "commercial" if one of its purposes is to encourage participation in a "commercial activity", which is broadly defined as a transaction, act or conduct of a commercial character (regardless of expectation of profit), including the purchase, sale, or lease of goods, services or land, or a business, investment or gaming opportunity.

The prohibition on sending unsolicited CEMs also applies to an electronic message that requests a person's consent to receive a CEM. There are limited exceptions, including CEMs between friends or family (as defined in regulations) and inquiries or applications regarding the recipient's commercial activity.

Consent

Generally, CASL establishes an opt-in consent regime, which requires that each recipient consent to receive a CEM. Consent must be express, except where implied consent is deemed acceptable. A person who alleges consent to receive a CEM has the onus of proving it.

A request for express consent must "clearly and simply" specify the purpose of the consent and other prescribed information, including the identity of the person seeking consent and other persons on whose behalf consent is sought. The required consent is in addition to, and different from, consents required under other regulatory regimes (including privacy legislation).

Implied consent is acceptable in limited circumstances where the sender and recipient of the CEM have an existing business or non-business relationship (as defined in CASL) within the previous two years. Notably, an "existing business relationship" is defined as a relationship arising from certain commercial activities or a written contract between the parties. Consent may also be implied in other limited circumstances, including where the recipient conspicuously publishes his or her electronic address or discloses it to the sender, without indicating that he or she does not want to receive unsolicited CEMs, and the message is relevant to the recipient's business or official capacity.

There are certain kinds of CEMs for which consent is not required, including messages that provide a requested estimate or quote for a commercial transaction; messages that facilitate, complete or confirm a commercial transaction previously agreed to by the recipient; and messages that provide warranty, recall, safety or security information for a product or service used or purchased by the recipient.

Formalities

A CEM, which is caught by CASL, must comply with certain formalities. The message must contain prescribed information about the identities of the actual and beneficial sender of the message and prescribed contact information. The message must also provide an effective, no-cost unsubscribe mechanism accessible by the recipient using the same electronic means by which the message was sent or, if not practicable, an alternative electronic means. The message must also provide an electronic address or link to a website that can be used by the message recipient to unsubscribe from receiving future messages. The contact information, unsubscribe mechanism and website link must remain valid for at least 60 days after the message is sent, and an unsubscribe request must be implemented within 10 business days.

Message Content

CASL amends the *Competition Act* (Canada) to prohibit knowingly or recklessly sending a false or misleading representation in an electronic message that promotes a business interest or the supply or use of a product. CASL prohibits any false or misleading representation in sender information (i.e. the part of an electronic message that identifies the sender), subject matter information (i.e. the part of an electronic message that summarizes or indicates the content of the message) or locator information (i.e. information, including a hyperlink/URL, in a message identifying a source of data). CASL also prohibits a representation in the body of an electronic message that is false or misleading in a material respect.

3.2 Online Behavioural Advertising

Guidelines

Online behavioural advertising refers to the tracking of online activities over time for the purpose of delivering advertisements that are targeted to inferred interests of consumers. In other words, this practice refers to using data about an individual's web activities in order for the individual to

receive targeted ads based closely on his or her interests. The Office of the Privacy Commissioner of Canada ("**Commissioner**") has published guidelines as well as a detailed policy position on online behavioural advertising to provide guidance on online tracking, profiling and targeting to the advertising industry, browser developers, web site operators and those benefitting from online behavioural advertising with a view to ensure individuals' privacy.

Among other things, the Commissioner reminds organizations that the purpose for which an individual's information is to be collected, used or disclosed must be explained in a clear and transparent manner. The Commissioner also acknowledges the challenges that exist with obtaining consent online and thus provides that opt-out consent for online behavioural advertising could be considered where certain factors are met (as described below). However, if an individual cannot decline the tracking or targeting using an opt-out mechanism, then the Commissioner considers that organizations should not use such technology for online behavioural advertising purposes. In particular, the Commissioner adds that, as a best practice, organizations should avoid tracking children and tracking on websites aimed at children.

Collection of Personal Information

A lot of the information collected for the purpose of online behavioural advertising is not *per se* personal information, notably when simple online behavioural advertising practices are used. However, when combined with other information, such information can become personal information, and thus become subject to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or other privacy legislation. Given that information is collected to create detailed profiles of the user, and given the personalized and targeted nature of online behavioural advertising, the Commissioner takes the position that information collected for the purposes of online behavioural advertising should generally be considered personal information.

Opt-Out Consent

Since the Commissioner considers information collected for the purpose of online behavioural advertising generally to be personal information, individuals must give their consent to the use of such information.

The Commissioner provides some fairly specific guidance as to what would be considered reasonable steps to take when crafting an opt-out consent. In the Commissioner's "Policy Position on Online Behavioural Advertising", the Commissioner cites the following as factors that must be looked at when assessing whether an opt-out is reasonable:

- "Individuals are made aware of the purposes for the practice in a manner that is clear and understandable – the purposes must be made obvious and cannot be buried in a privacy policy. Organizations should be transparent about their practices and consider how to effectively inform individuals of their online behavioural advertising practices, by using a variety of communication methods, such as online banners, layered approaches, and interactive tools;
- Individuals are informed of these purposes at or before the time of collection and provided with information about the various parties involved in online behavioural advertising;
- Individuals are able to easily opt-out of the practice - ideally at or before the time the information is collected;
- The opt-out takes effect immediately and is persistent;
- The information collected and used is limited, to the extent practicable, to non-sensitive information (avoiding sensitive information such as medical or health information); and
- Information collected and used is destroyed as soon as possible or effectively de-identified."

According to the Commissioner, where an individual cannot easily and effectively opt out of a certain type of tracking (such as tracking through zombie cookies, supercookies and other similar techniques), such practices should not be employed. An individual should have control over the tracking of his or her web activities and should be able to stop it, if he or she so wishes.

Collection of Children's Personal Information

According to the Commissioner, children's personal information should not be tracked for the purposes of online behavioural advertising since it is difficult to obtain meaningful consent from young users of the Internet. The Commissioner takes the position that profiling young children for the purposes of delivering behaviorally targeted ads is inappropriate and web sites directed at children should not permit the placement of any kind of tracking technology on the site.

Self-Regulatory Program

Digital Advertising Alliance of Canada ("**DAAC**") established Canada's self-regulatory program for online behavioural advertising ("**OBA Program**"). The OBA Program is based on a number of principles, which are set out below. They apply to online behavioural advertising data, regardless of whether the data is considered "personal information".

The *Canadian Self-Regulatory Principles for Online Behavioural Advertising* sets out six key principles. The obligations in the OBA Program vary based on whether an organization is considered a "First Party" (e.g., a website publisher), "Third Party" (e.g., an advertising network), or "Service Provider" (e.g., an internet access provider):

(i) **Education**: Organizations should participate in efforts to educate individuals and businesses about online behavioural advertising, including how to opt out.

(ii) **Transparency**: Clear, meaningful and prominent notices of data collection and use practices should be given. The DAAC has licensed the use of the AdChoices icon (which is a small blue triangular icon with the letter "i") for the OBA Program. This icon is used in the United States and in Europe.

(iii) **Consumer Control**: Consumers must be provided with an opt-out mechanism.

(iv) **Data Security**: Organizations should maintain appropriate physical, electronic and administrative safeguards to protect the data, and only retain the data for as long as necessary to fulfill a legitimate business need or as required by law.

(v) **Sensitive Data**: Consent is required for the collection of personal information, as required by and in accordance with applicable Canadian privacy legislation. Generally, organizations cannot collect or use children's personal information for online behavioural advertising purposes, unless it is in accordance with applicable Canadian privacy legislation.

(vi) **Accountability**: Advertising Standards Canada monitors and handles compliance with the principles of the OBA Program.

The OBA Program does not apply in certain circumstances. For example, it does not apply to online advertising of organizations within a website that they own or control.

Organizations can join the OBA Program by visiting YourAdChoices.ca and following the registration process. Annual fees apply to participate in the OBA Program.

3.3 Defamation

The law (or tort) of defamation in Canada protects against damage to a plaintiff's reputation caused by words published by a defendant. It is filled with nuances and complexities and can only be briefly summarized here. Advertisers and marketers can find themselves on either side of the law; they can be victims of defamation (plaintiff), or accused of publishing defamatory comments and liable to the person whose reputation is harmed (defendant). In the latter case, it is important to note that the defamatory words do not need to originate with the advertiser or marketer for the advertiser or marketer to be liable. Mere publication (spoken or written) of someone else's defamatory words makes the publisher jointly liable. For example, an advertiser or marketer could potentially be liable in defamation for a comment posted to a social media space that it controls even though it has no relationship whatsoever with the third party who posted the defamatory comment.

Defamation encompasses both libel and slander. Slander is defamation without any permanent record. The typical slander is a spoken statement. Libel is defamation with a permanent record, such as a written note, an internet posting, an email, a newspaper article, a television broadcast, etc. A slander that gets repeated in a permanent record becomes a libel.

To establish the essential elements of liability for defamation, a plaintiff only needs to prove:

(i) The words about which the plaintiff is complaining are defamatory – i.e. they would tend to lower a person's reputation in the eyes of a reasonable person in that person's community;

(ii) The words refer to the plaintiff, as opposed to someone else or someone unidentifiable from the words used and the circumstances; and

(iii) The words were "published" by the defendant to at least one third party.

With respect to the third element, "publication" in the defamation context requires two components: (i) an act that makes the defamatory information available to a third party in a comprehensible form; and (ii) the receipt of the information by a third party in such a way that it is understood. Publication is often easily established. Speaking words to a third party is publication. Writing and sending a note or email to a third party is publication. However, the law appears to be in a state of flux with respect to mere hosts or conduits of comments posted online. It is uncertain whether or not such hosts or conduits will ultimately be considered "publishers" once the courts have the opportunity to more fully consider defamation in the Internet context. Such hosts and conduits would usually be considered "publishers" under the historic and traditional principles of defamation law. Therefore, unless and until the law evolves and changes, advertisers and marketers must be concerned about being considered "publishers" of defamatory comments posted by others to places that they host online, and thereby jointly liable with the author for defamation.

Once a plaintiff proves the three essential elements mentioned above, liability is established. The onus then shifts to the defendant to prove one of the available defences. Of the available established defamation defences, the following are those that will be most often utilized by a defendant advertiser or marketer:

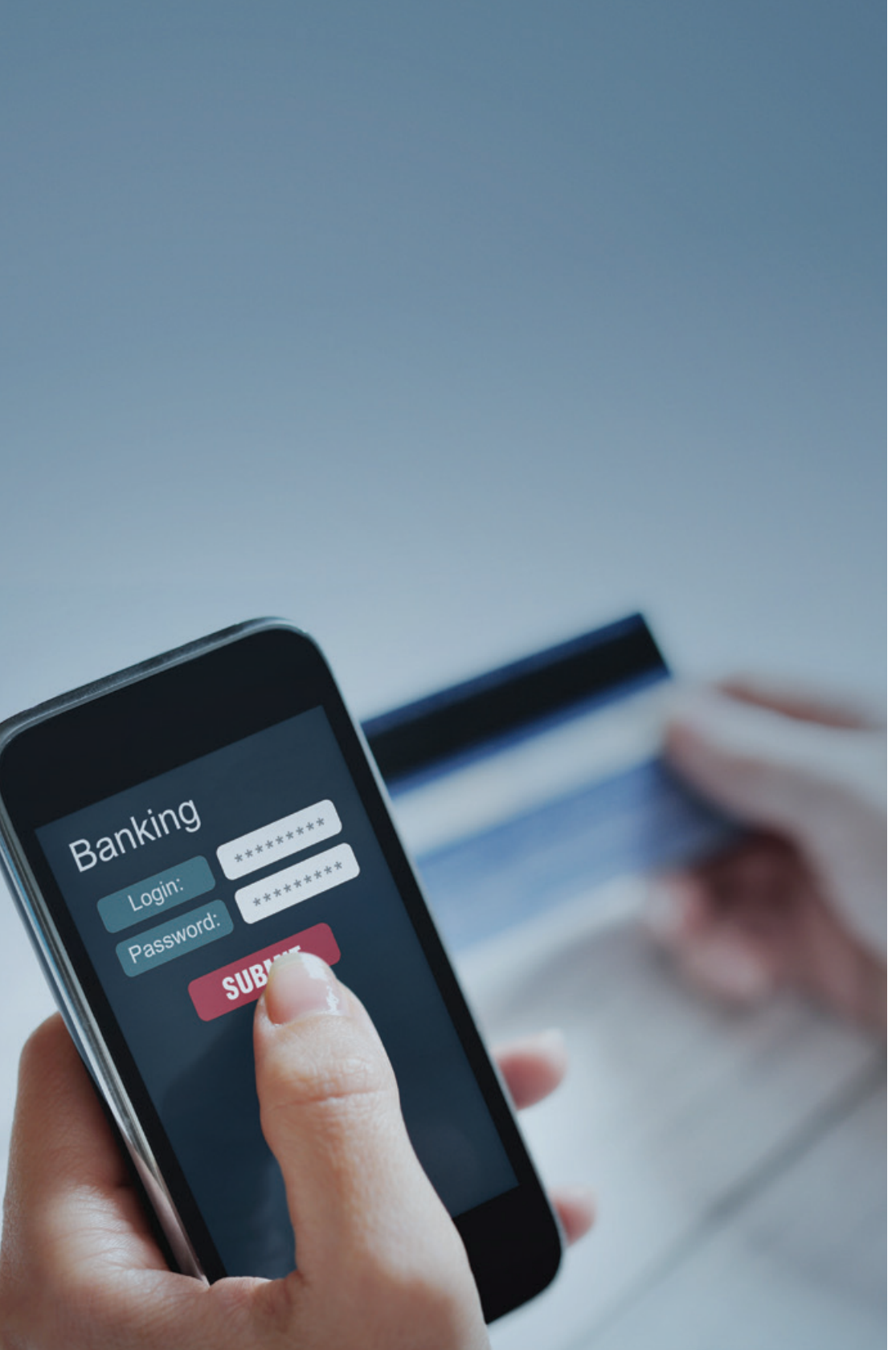
(i) **Justification**. This is commonly understood as the "truth defence". If a plaintiff establishes *prima facie* liability, the defamatory words are presumed by the court to be false. However, if the defendant can prove that the words are substantially true, it will have established the defence of justification and avoid liability.

(ii) **Innocent Dissemination**. If a defendant can establish that it had no knowledge that it was publishing defamatory comments and had no reasonable ability to prevent that, it may be able to establish the defence of innocent dissemination and avoid liability. As noted above, the law with respect to this defence in the Internet context is currently in a state of flux.

(iii) **Fair Comment**. This defence is established when the defendant proves that its defamatory statements were statements of opinion on a matter of public interest as opposed to statements of fact; that the opinions were based on fact; and, that a reasonable person could honestly hold those opinions based on the proven facts.

(iv) **Responsible Communication on Matters of Public Interest**. This defence is established if the defendant proves that its statements concerned a matter of public interest, and that it exercised due diligence in trying to verify the truth of the statements before publication.

"Recent regulatory actions include the introduction of legislation prohibiting the transmission of unsolicited commercial electronic messages, guidelines addressing online behavioural advertising, and court decisions involving defamation."



4.

PRIVACY

A number of privacy laws exist in Canada. The application depends on the jurisdiction and scope of the matter.

4.1 Federal Legislation

The *Personal Information Protection and Electronic Documents Act* (Canada) ("**PIPEDA**") governs how private sector organizations collect, use and disclose personal information in the course of carrying on commercial activities, including marketing and promotional activities, such as when administering a contest or a loyalty program or sending specific customers or potential customers product samples or information regarding products and services.

Personal information is expansively defined in PIPEDA to be "information about an identifiable individual", with the exception of the name, title, business address or telephone number of the organization's employees when such information is used to contact the employees for purposes related to their business responsibilities.

4.2 Provincial Legislation

If a province has enacted "substantially similar" privacy legislation for the private sector, the federal cabinet may exempt from compliance with PIPEDA any organization that collects, uses or discloses personal information solely within that province. British Columbia, Alberta and Québec have enacted provincial legislation of general application that has been deemed substantially similar, whereas Ontario, New Brunswick, and Newfoundland and Labrador have enacted provincial legislation applicable to personal health information that has been deemed so. British Columbia has enacted the *Personal Information Protection Act* (British Columbia), Alberta has enacted its own *Personal Information Protection Act* (Alberta), and Québec has had personal information protection legislation, known as the *Act respecting the Protection of Personal Information in the Private Sector* (Québec),

in place since 1994 (the basis of which is established in the *Civil Code of Québec*). These statutes have been deemed to be "substantially similar" to PIPEDA such that the operation of PIPEDA has been supplanted in these provinces when the collection, use and disclosure takes place within the province. However, there are circumstances in which is possible that both the federal and provincial legislation might apply.

Primary Principles

When collecting, using or disclosing personal information as part of a marketing campaign, organizations must keep in mind certain privacy principles. PIPEDA and its provincial counterparts generally require compliance with the following principles:

(i) **Accountability**: An organization is responsible for personal information under its control and must designate an individual or individuals who are accountable for its compliance with the legislation.

(ii) **Identifying Purposes**: The purpose(s) for which personal information is collected must be identified by the organization at or before the time the information is collected. For instance, an organization may collect personal information concerning individuals in order to communicate with them for the purposes of offering them products and services and/or information on products and services, which may be of interest to them.

(iii) **Consent**: The knowledge and consent of the individual are required for the collection, use or disclosure of personal information, except where inappropriate.

(iv) **Limiting Collection**: The collection of personal information must be limited to that which is necessary for the purpose(s) identified by the organization.

(v) **Limiting Use, Disclosure and Retention**: Personal information must not be used or disclosed for purposes other than those for which it was collected, except with the consent of the individual or as permitted or required by law. Personal information shall be retained only as long as necessary for the fulfilment of those purposes.

(vi) **Accuracy**: Personal information must be as accurate, complete and up-to-date as is necessary for the purpose(s) for which it is to be used.

(vii) **Safeguards**: Personal information must be protected by security safeguards appropriate to the sensitivity of the information.

(viii) **Openness**: An organization must make readily available to individuals specific information about its policies and practices relating to the management of personal information.

(ix) **Individual Access**: On request, an individual must be informed of the existence, use, and disclosure of his or her personal information and must be given access to that information. An individual must be able to challenge the accuracy and completeness of the information and have it amended as appropriate.

(x) **Challenging Compliance**: Individuals must be able to address a challenge concerning compliance with the above principles to the designated individual or individuals accountable for the organization's compliance.

Those organizations that transfer personal information to parent companies, affiliates and/or service providers outside Canada should be aware that they are required to disclose this fact to the individuals whose information is collected and to ensure that the transferred information will be protected. Individuals must be informed of the fact that their personal information may be transferred to foreign entities, subject to foreign laws and accessible to foreign governments, courts, law enforcement and regulatory agencies. They must also be provided with appropriate contact information for obtaining details on the privacy obligations of the foreign entities. While the foregoing requirements have generally been held to exist pursuant to privacy legislation across Canada, both Alberta's *Personal Information Protection Act* and Québec's *Act respecting the Protection of Personal Information in the Private Sector* set out provisions that expressly govern the transfer of personal information across borders.

4.3 Other Privacy Obligations

In addition to PIPEDA and provincial legislation dealing specifically with the collection, use and disclosure of personal information in the private sector, organizations may have additional statutory privacy obligations. For example, several provinces have enacted legislation, such as the *Privacy Act* (British Columbia), which makes it an actionable wrong for one person, wilfully and without claim of right, to violate another's privacy. Under the British Columbia *Privacy Act*, the nature and degree of privacy to which a person is entitled in any situation will depend on what is reasonable in the circumstances, giving due regard to: the lawful interests of others; the nature, incidence, and occasion of the act or conduct; and any relationship between the parties. Use of personal information without consent or breach of privacy by unauthorized access to personal information or loss of personal information would be breaches of privacy and could give rise to causes of action both pursuant to privacy legislation, such as PIPEDA, and either common law or these specific privacy protection statutes.

Businesses dealing with Canadian governmental bodies should also be aware of the privacy aspects of federal and provincial access to information legislation, such as the provincial Freedom of Information and Protection of Privacy Acts, the federal *Access to Information Act* (Canada) and the federal *Privacy Act* (Canada). Subject to certain exceptions, these statutes generally restrict the ability of governmental bodies to disclose personal information to third parties and, in some provinces, such as British Columbia, impose obligations on private-sector businesses that act as "service providers" to government bodies. However, these statutes also impose significant disclosure obligations on governmental bodies that do not exist for private enterprises, which should be considered when disclosing information to them. This may be particularly relevant for organizations that enter into sponsorship agreements with government bodies or otherwise provide personal information to government bodies.

5.

INTELLECTUAL PROPERTY

The primary areas of intellectual property that are considered regularly in advertising and marketing practices are copyright, trademarks and domain names. Preparing and having proper licences pertaining to intellectual property is also another important consideration. Comparative advertising and the use of certain Canadian images raise further intellectual property-related issues in Canada. The primary laws in Canada governing these areas are the *Copyright Act* (Canada) and the *Trade-marks Act* (Canada).

5.1 Copyright

Copyright issues arise in a number of ways in the advertising and marketing world, ranging from whether one has the right to use another's work (e.g., someone else's song) in one's own advertisement, to whether one can modify and re-use materials that were created by independent contractors (e.g., an advertising agency or volunteers) or consumers (e.g., a jingle created and submitted by someone as part of a jingle-writing contest). One will also need to keep in mind moral rights issues, such as determining whether one has the right to modify a work without prejudicing the reputation of the author of the work (e.g., the Ontario Court of Appeal held that a shopping mall's addition of red decorative ribbons to a sculpture located in the mall during the holiday season distorted and modified the artist's sculpture such that there was reasonable concern of prejudice to his reputation). Below is some general basic copyright information which explains some of the copyright concerns.

Basic Right

Copyright subsists in every original literary, dramatic, musical and artistic work, as well as in performances, sound recordings and broadcasts. There is no requirement that the work be novel

or that its subject matter have merit. Copyright protects only the form of expression and not the underlying ideas or facts.

Copyright in a work refers to the exclusive right to produce, reproduce and perform the work or any substantial part of the work in any material form, and the right to prevent others from doing so. In essence, the owner of copyright in a work has a time-limited, exclusive right to almost all commercially valuable uses of the work.

Copyright Infringement

Copyright infringement occurs when a person does something, without the consent of the copyright owner, that only the copyright owner has the right to do, such as producing, performing, reproducing, or publishing a work, or authorizing another person to do so. The *Copyright Act* provides exceptions for the infringement of copyright, including the "fair dealing" exception, which applies under certain circumstances for the purpose of research, private study, education, parody, satire, criticism or review, and news reporting.

Copyright Ownership

Copyright arises automatically upon the creation of an original work. A work does not have to be registered nor does notice of copyright have to be given for a work to be protected by copyright in Canada. Nevertheless, registration and notification provide some advantages. For example, a certificate of copyright registration is evidence that copyright exists in the work and that the registrant is the owner of the copyright.

Generally, the creator of a work is considered to be the owner of the copyright in the work. The creator is the person who actually wrote, drew, composed or produced the work. When two or more creators collaborate to produce a work and they intend to jointly hold the copyright in the work, then each of the creators will have an equal share in the copyright.

In general, copyright ownership subsists in a work for the life of the author, including the remainder of the calendar year in which the author dies, plus fifty years. In certain circumstances, the term of copyright ownership varies from the general rule. Enumerated examples provided for under the *Copyright Act* include: anonymous and pseudonymous works, anonymous and pseudonymous works of joint authorship, posthumous works, works of joint authorship, cinematographic works, Crown copyright, performer's performances, sound recordings and communication signals.

There are different rules for ownership of copyright in works created by employees and independent contractors. If a work is created by an employee in the course of his or her employment, then copyright in the work is owned by the employer unless there is an agreement to the contrary. If a work is created by an independent contractor, then copyright in the work is owned by the contractor and not the person who engaged and paid the contractor to create the work.

Anyone engaging an independent contractor to create a work should obtain an assignment of the copyright. Failure to do so may limit the ability of the person who paid for the work to use the work in the future. Also, to avoid any uncertainty, employment agreements should include copyright assignment provisions.

Assignment

Copyright in a work can be assigned either wholly or partly. Copyright also can generally be subject to limitations relating to territory, medium, or sector of the market. The limitations can be for the whole term of the copyright or merely for part of it. The assignment must be in writing and signed by the copyright owner.

It is important to note that the assignment of copyright in a work does not also constitute an assignment of the moral rights attached to that work. In fact, moral rights cannot be assigned, but can only be waived.

Moral Rights

Moral rights are rights granted to authors under the *Copyright Act*. Moral rights give the author of a work the right not to have the work distorted, mutilated or otherwise modified in a way that is prejudicial to the author's honour or reputation. Also, where reasonable in the circumstances, the author has the right to be acknowledged by name (or pseudonym) as the author of the work.

Moral rights in a copyright work last for the same length of time as the copyright itself, and they pass to the author's heirs even if the heirs do not inherit ownership of the copyright.

Moral rights cannot be assigned, but they can be waived, either in whole or in part. An assignment of copyright does not constitute a waiver of moral rights.

Moral rights in works created by employees or independent contractors are not automatically waived in favour of the employer or person for whom the work is created. Accordingly, it is prudent to obtain waivers of moral rights from all employees and independent contractors engaged to create works.

Neighbouring Rights

Neighbouring rights are rights granted under the *Copyright Act* to performers, makers of sound recordings and broadcasters with respect to their performances, sound recordings, and broadcast signals. Neighbouring rights compensate performers and makers of sound recordings by providing them with remuneration rights when eligible published sound recordings are publicly performed and/or communicated to the public by telecommunication. Collective societies, which are commonly referred to as "collectives", are organizations authorized under the *Copyright Act* to administer certain rights, including remuneration rights, on behalf of copyright holders. Authorization for the administration of rights by a collective may be through assignment, licence or appointment. For example, Re:Sound is a collective that obtains compensation for artists and record companies in respect of their neighbouring rights. Insofar as these rights are administered by a collective such as Re:Sound, the benefit of these rights to performers and makers of sound recordings is essentially the fees they will receive from the collective.

The other rights extended to a performer in respect of the performer's performance and to the maker of a sound recording are primarily the right of the performer to record the performance, and the right of the maker of the sound recording to publish the recording, to reproduce a recording, to rent a recording, and to authorize a third party to do those acts. Broadcasters have similar rights in respect of their communication signals.

Neighbouring rights expire at the end of the calendar year in which the subject performance was performed, fixed or broadcast, depending of the nature of the copyright object to which they pertain.

5.2 Trademarks

Generating and protecting a brand name or slogan, or using those of others, can lead to a number of trademark issues. For example, one needs to consider whether the logo developed by a marketing team is confusingly similar to a previously used or registered trademark in Canada. Also, one needs to consider what happens if a company does not have a formal licence agreement regarding the use of its trademark in promotional campaigns with other parties. Below is some general trademark information which explains some of the main trademark concerns.

Basic Right

The *Trade-marks Act* defines a trademark as a mark used to distinguish one's wares or services from those of others. In Canada, a trademark may be a word, logo, a combination of words and logo, slogan or other distinctive identifiers (such as shape, colour or sound). The main purpose of a trademark is to provide the public with assurance as to the source of origin of the goods or services or that such goods and services meet a defined standard. However, it is also possible to seek registration of "special marks", including certification marks, three dimensional shapes and official marks which are used and registered for a different purpose (i.e. to certify a standard, protect a shape or to protect brands of governments, universities, crown corporations or public authorities).

Registration of a trademark is not mandatory in Canada. While rights in a trademark can be acquired through use of the trademark in the Canadian marketplace, there are significant benefits to obtaining a registration. Some of these benefits include:

(i) exclusivity to the trademark across all of Canada rather than to the geographical scope of a trademark's reputation;

(ii) the basis for a trademark infringement action and depreciation of goodwill in Canada;

(iii) the basis for alerting others of your rights in the context of trademark availability searches (trademark applications and registrations are entered on the public Trademark Registry); and

(iv) the basis for valuation of trademarks.

Trademark Registration Process

The current process to obtain a trademark registration in Canada is usually 12-18 months from filing, but can take longer. Within a single trademark application, one can apply to register a trademark in association with both goods and services and on more than one basis.

The Trademarks Office will not provide a monopoly to an owner of any confusingly identical or *similar* trademark which already exists on the Trademarks Register. Further, the Trademarks Office database does *not* include reference to other issues which can prevent use and/or registration of a proposed trademark (e.g., if the trademark and/or logo or slogan is considered generic/descriptive of the goods or services, is a name or surname or the name of the goods or services in another language). As a result, a review and assessment of the availability and registrability of a proposed trademark should be undertaken as early as possible to prevent unnecessary delays, expense or changes required to an advertising or marketing campaign and related promotional forums.

This is particularly the case in view of recent amendments to the *Trade-marks Act* and proposed changes to the *Trade-marks Regulations* which are likely to have a significant impact on the nature and extent of trademark protection for Canadian and foreign business owners. A few of the main changes are discussed in more detail below.

Trademark Infringement

A registered trademark provides the owner with the exclusive right to use and license such trademark in Canada. The *Trade-marks Act* provides a registered owner with the ability to initiate actions for trademark infringement and depreciation of goodwill to prevent the unauthorized use of such rights. The Canadian Trademarks Office can prevent registration of confusingly similar trademarks by enforcing rights afforded to registered trademark owners in adversarial opposition proceedings. However, the Canadian Trademarks Office does not enforce the right of registered trademark owners to prevent use of a confusingly similar trademark. Instead, such enforcement occurs through the Courts.

Passing Off

In the event a trademark owner does not have a registered trademark, it may still have the right to initiate a passing off action based on any prior common law rights to a confusingly similar trademark in Canada asserting that a third party is passing off its branded goods or services as those of another. Unlike trademark infringement actions, the owner must demonstrate a prior reputation in its trademark in Canada to succeed.

Changes to the Trade-marks Act

The introduction of Bill C-31 and Bill C-8 proposes significant changes to the *Trade-marks Act*. These include the introduction of an International filing system, an International classification of Goods and Services description, and amendments to a number of provisions to address issues primarily in non-traditional marks and in the area of anti-counterfeiting. As indicated above, amendments to the current *Trade-marks Act* provide for a simplification of the application process to streamline filing requirements and the submission of documents. The changes also relate to the ability to register non-traditional trademarks, inclusive of sound, shapes, colour, holograms, taste, texture, scent (albeit with significant hurdles and affidavit evidence likely necessary to overcome objections concerning distinctiveness of these types of trademarks).

Canada will join the Madrid Protocol which is essentially an International trademark filing procedure. This new process will allow Canadian applicants to file an application in Canada and to subsequently apply, through one application, to extend such protection to other international markets. This method can allow Canadian businesses to protect their Canadian brands abroad by utilizing one application and one filing fee thereby streamlining the filing time and fees associated with individual national trademark filings.

In an effort to further streamline the application process in Canada, the Trademarks Office has adopted an International Goods and Services classification system to identify goods and services accepted in Canada and abroad.

Bill C-8 also proposes significant changes to include provisions relating to anti-counterfeiting measures. The positive amendments include providing more effective border measures and authority to Customs Officials to detain or seize counterfeit products and more significant criminal offences and civil actions and remedies. A further positive step includes a recordation system for referral by Customs Officials of registered trademarks (similar to those in other countries). However, questions remain concerning the efficient and/or effective means to deal with liability of brand owners/rights holders to pay for detention and destruction of counterfeit product, direction on the costs of detention/destruction of counterfeit goods and efficient or effective means of dealing with the sale of online counterfeit goods.

For clarity, both Bill C-31 and Bill C-8 have received Royal Assent. Significant amendments to the *Trade-marks Regulations* expected in late 2015 will be required to implement the changes and to provide better guidance to brand owners and intellectual property practitioners.

5.3 Licensing

Licensing issues relating to trademarks are encompassed under Section 50 of the *Trade-marks Act*. These issues will also arise whenever one person ("**Licensor**") who owns rights in any intellectual property ("**IP Rights**") grants permission to another party ("**Licensee**") to use those IP Rights in a particular fashion. Generally, all types of intellectual property can be licensed in Canada and no one statute will govern all such licensing. Rather, the general common law governing contracts normally applies. Licences pertaining to trademarks must also comply with the control requirements applicable under Canada's *Trade-marks Act* (as indicated below).

Further, the Licensor may grant to one or many Licensees a licence to exercise some or all of the Licensor's IP Rights. While the Licensor grants to the Licensee the right to use the Licensor's IP Rights, the Licensor must retain ownership of the IP Rights. For example, a Licensee of music for an advertisement will acquire the right to use the music in the advertisement, but the Licensor will retain ownership of the music and all IP Rights in the music.

Controlling the Use of a Trademark

Caution must be exercised when a trademark owner permits another to use its trademark (commonly seen in sponsorship agreements). Although the *Trade-marks Act* does not require that

the owner have a written licence, it is recommended that the parties have such a document which defines the nature of the control exercised by the owner. Further, it is essential that the owner actually exercises this control in a meaningful manner. It is insufficient for the owner/licensor to:

(i) merely rely on a corporate relationship between the parties to confer control over the quality and character of the goods or services; or

(ii) refer solely to public notice of the identity of the owner and licensee on packaging, labelling and/or advertisements.

Some of the details that should be set out in the agreement include:

(i) the role of the licensee in the production or distribution of goods;

(ii) a requirement to provide labels or specimens for review and approval by the owner;

(iii) reports which the licensor requires relating to sales or royalty payments;

(iv) the right to inspect the goods and/or services at the licensee's premises;

(v) the specific standards which must be met by the licensee; and

(vi) a statement that the licensor has the sole right to institute infringement proceedings.

Note that the failure to stop unauthorized use of a trademark may result in a finding that the trademark is not distinctive and the registration is invalid.

Types of Licences

There are three primary types of licences: (i) exclusive, (ii) sole, and (iii) non-exclusive.

An exclusive licence provides the Licensee with the exclusive right to use the Licensor's IP Rights. In other words, only the Licensee can use the licensed IP Rights, and the Licensor cannot itself use the licensed IP Rights or allow any person to use the IP Rights during the term of the licence.

A sole licence prevents the Licensor from granting licences to any person other than the Licensee, but the Licensor will retain the right to use the IP Rights.

A non-exclusive licence is one that allows the Licensor to grant as many licences as the Licensor desires. None of the Licensees will have any right in the IP Rights other than the non-exclusive right to use the IP Rights, as licensed, in association with the specific grants permitted under the licence (e.g., restrictions as to territory, goods and/or services and time limits).

"Special Marks"

Care should also be exercised in preparing and granting licence agreements involving "special marks". An example is that of a certification mark, which is a mark that is used to distinguish wares or services that are of a defined standard from those that are not of that defined standard, such as in relation to place of origin or production of the goods/services, or people employed in the production of the goods. The owner of a certification mark cannot use the trademark itself. It can only be licensed to third parties.

Whereas, a three dimensional shape (formerly a distinguishing guise) can be used and licensed by the owner.

Lastly, case law in Canada suggests that an official mark must be used by the owner and can be licensed to third parties. An official mark can only be obtained by certain persons (e.g., universities, government agencies or public authorities in Canada). No other party may use or register an ordinary trademark which is too nearly resembling as to be likely to be mistaken for an official mark. As a result, the official mark owner is often requested to provide their consent and/or authorization to the use and registration of other third parties seeking registration of ordinary trademarks for goods or services unrelated to the business activities of the official mark.

5.4 Domain Names

Domain names, often incorporating key trademarks, are the alpha numeric addresses of sites on the Internet.

They consist of two main parts: (i) the generic top-level domain ("**gTLD**") or country code top-level domain ("**ccTLD**"), which are the letters that appear after the "." (e.g., .com, .ca, .biz), and (ii) the second-level domain, the symbols that appear before the ".".

The Domain Name System, gTLD and ccTLD systems are managed by the Internet Corporation for Assigned Names and Numbers ("**ICANN**"). Domain name registration is administered by various approved registrars, and domain names are generally issued on a first-come first-served basis upon payment of a registration fee.

Generic Top-Level Domains

As the use of the Internet for advertising has grown, ICANN has launched numerous new gTLDs, such as .biz, .tv, and .xxx. Continuing to recognize the growth of the Internet and its

international nature, the domain name system is changing, including the launch of more ccTLDs and internationalized domains that incorporate different alphabets and languages. The ability to register domains in multiple languages creates a more accessible Internet and allows advertisers to target consumers in specific countries and communities. It may also entail more cost to advertisers as their need to secure more domain names as an advertising or defensive strategy increases.

In addition, ICANN has instigated a massive extension to the gTLD regime with the introduction of gTLDs that can incorporate brand and generic terms, such as .school, .apple, .golf or .google. Many advertisers have seen this expansion to the domain system as a great opportunity to draw consumers to specific websites in a way not previously possible, and to create communities around their brands or areas of interest.

Applicants for gTLDs must also act as registrars and may choose to open the gTLD to others and allow registration of second-level domains, or keep the gTLD closed and use it only for their own marketing and communication purposes. With expansions come new legal issues, particularly in the area of trademark infringement. With the large number of potential gTLDs, second-level domains, potential cyber squatters and the rights protection mechanisms of multiple new registrars, companies will need to be more proactive with their Internet advertising strategies and domain name portfolio management to maximize the benefits of these opportunities and minimize their legal risks.

Canada's Top-Level Domain

The ccTLD in Canada is .ca. Domains at the .ca ccTLD may only be registered through registrars accredited by the Canadian Internet Registration Authority ("**CIRA**") and must be no shorter than 2 characters and no longer than 63 characters and may be a combination of numbers and letters and may include a hyphen. There are certain words that cannot be registered as domain names with the .ca ccTLD, including the names of municipalities, provinces and territories of Canada (unless specific permission is sought and certain requirements met). The following words cannot be registered as .ca domains: village, hamlet, town, city and ville.

To hold and maintain a .ca domain name the registrant must be either: a Canadian citizen, a permanent resident, the legal representative of either a Canadian citizen or a permanent resident, a Canadian or provincially registered or established corporation, trust, partnership, association, trade union, political party, an educational institution, hospital, library, archive, museum located in Canada, an aboriginal group, Indian band, a Canadian, provincial or territorial government or the Queen. If a registrant does not satisfy the Canadian residency, citizenship or presence requirements but are the owners of a trademark registered in Canada pursuant to the *Trade-marks Act*, or persons intended to be protected by Subsection 9(1) of the *Trade-marks Act* at whose request the Registrar of Trademarks has published a notice of adoption of any badge, crest, emblem, official mark or other mark pursuant to Subsection 9 (an Official Mark), they may seek to register a .ca domain name consisting of or including the exact word component of that registered trademark or Official Mark.

Internationalized Domains in Canada

An internationalized domain name ("**IDN**") is a second-level domain name (the words left of the dot or web address represented by local language characters outside of the American Standard Code for Information Interchange, a-z alphabet, numbers (0-9) and hyphens (-)). IDNs can include characters from many languages, and may also contain accents and symbols.

There has been a trend internationally both at the ICANN level and with various country code top-level domain authorities (such as .de) to expand the scope of second-level domains to better reflect the wide variety of languages used by the international community that uses the Internet.

As of January 2013, in Canada, CIRA allows the registration of IDNs in the French language on the .ca top-level domain. The following characters may be registered: é, ë, ê, è, â, à, æ, ô, œ, ù, û, ü, ç, î, ï, and ÿ. As there may be many variants of a single domain name, and to address concerns from trademark rights holders and current domain registrants, the registrant of a particular domain name will have the exclusive right to register all of the variants of that domain name.

From an advertising and marketing perspective, an IDN can be a powerful tool to communicate a message to a particular population and to recognize the two official languages of Canada, something that can go a long way to garnering consumer support for a product or brand in a multilingual community.

5.5 Comparative Advertising

Any organization thinking of adopting a marketing strategy that compares its products or services to those of a competitor should recognize that the strategy is not without legal risk. Two common pitfalls include making claims that may be misleading (misleading advertising is discussed in Section 2 (Misleading Advertising and Deceptive Marketing Practices) above) or inadvertently contravening the competitor's intellectual property rights.

For instance, when an organization makes a claim that incorporates a competitor's trademark, it is important to ensure that the use of the competitor's trademark does not contravene Canadian trademark laws. Using a competitor's registered or unregistered trademark on products, packaging, or advertising and marketing materials in a way that leads consumers to believe that an organization's products or services are associated with or endorsed by the trademark owner may constitute trademark infringement or passing off – both of which are prohibited by Canada's *Trade-marks Act*. More often, comparative advertising does not confuse consumers in this way because it highlights the differences or similarities between competing products or services, and consumers would understand that there is no association with or endorsement by the competing organization.

Even so, if the competitor's trademark is registered in Canada, displaying that trademark on packaging or in advertisements may be actionable as depreciation of goodwill, contrary to the *Trade-marks Act*. In essence, non-confusing "use" of a registered trademark without authorization is actionable if such use "depreciates" the value of the goodwill in the registered mark.

It is also important to be aware of potential copyright claims, and to consider whether the content of the comparative advertisement might infringe a competitor's copyright in a "work". The common example is when a competitor's logo is displayed in the advertisement. Logos often qualify as an artistic work in which copyright subsists, and the exclusive rights granted to a copyright owner – including reproduction rights – arise automatically without the need for a formal registration. Copying a logo or a substantial part of it without the copyright owner's authorization may, therefore, contravene Canada's *Copyright Act*.

Ultimately, an organization must balance the need or desire to display a competitor's trademark or logo in marketing materials against the risk of objection and the risk of exposure to liability. Risk minimization strategies may include avoiding the reproduction of a competitor's logo, and avoiding "use" of a competitor's trademark where possible. For example, if the competitor's organization name is not registered as a trademark, displaying the business name instead of a registered trademark may reduce the risk of contravening the *Trade-marks Act*. Where a competitor's trademark is registered in relation to goods only, displaying the trademark in an advertisement that does not appear near the point of sale is another strategy that may reduce the risk of contravening the *Trade-marks Act*.

5.6 Canadian Images

Some Canadian images commonly used in advertising and marketing materials include the Canadian flag and images found on Canadian bank notes and coins. Due to intellectual property protection afforded to these images, they need to be used with caution.

> "The primary laws in Canada governing copyright, trademarks and domain names are the *Copyright Act* and the *Trade-marks Act*."

Canadian Flag

The Canadian flag is protected under the *Trade-marks Act*. The use of the Canadian flag for a commercial purpose requires the consent of the Department of Canadian Heritage ("**Department**"). Consent needs to be obtained even if, for example, one simply uses the Canadian flag symbol to distinguish between a Canadian website and a foreign website.

The Department requires a sketch of the intended use to be submitted with the request.

Notwithstanding consent from the Department, the Canadian flag image should still be used with care. For example, when it is placed on a product, it could imply a "Made in Canada" claim. If the use of the Canadian flag implies that product is made in Canada, the conditions for making a "Made in Canada" claim must be met.

Maple Leaf

The Department of Canadian Heritage ("**Department**") permits the use of a design or a trademark incorporating the maple leaf that forms part of the Canadian flag under certain conditions: (i) the use of the design or trademark conforms to good taste, (ii) the applicant for registration of such design or trademark disclaims, in its applications, the right to the exclusive use of the maple leaf, and (iii) the owner of such design or trademark will not attempt to prevent any person from

using the maple leaf. As indicated above, the Department requires that the use of a maple leaf on advertising and marketing materials must conform to good taste. Given this subjective condition, the Department recommends people take a cautious approach by submitting a sketch of the intended use for approval.

Notwithstanding approval from the Department, the maple leaf image should be used with care when placed on a product, as it could imply a "Made in Canada" claim. If the use of the maple leaf implies that product is made in Canada, the conditions for making a "Made in Canada" claim must be met.

Canadian Bank Notes

The Bank of Canada ("**Bank**") is the copyright owner of the images found on Canadian bank notes. In addition to a potential copyright claim, it is an offence under the *Criminal Code* (Canada) to reproduce the likeness of a current bank note in circulation.

One can avoid being convicted under the *Criminal Code* if the likeness is (i) printed, (ii) less than ¾ or greater than 1½ times the length or width of the bank note, and (iii) in black and white and/or only one-sided.

The Bank's *Policy on the Reproduction of Bank Note Images* states that the Bank's written consent must be obtained before a bank note image is reproduced to avoid the risk of potential criminal and civil consequences. The application procedure to obtain approval includes, among other things, submitting (i) a statement of the purpose for copying a bank note image, (ii) a description of the proposed placement and distribution of the material featuring the bank note image, and (iii) a PDF of the proposed reproduction.

According to the aforementioned Policy, the Bank ordinarily will consent to such reproductions if there is no risk that the reproduced image could be mistaken for a genuine bank note or misused by counterfeiters, and if the proposed use does not tarnish the dignity and importance of currency to Canadians.

When granting consent, the Bank ordinarily will impose conditions on the reproduction of bank note images. Examples of possible conditions include that the reproduction be in black and white, that it be coloured in a manner that is distinctly different from the main colours used on any current bank note in circulation, and/or that it be shown on a slant and not flat to the camera or naked eye.

The Policy states that the Bank's consent to use bank note images for film or video purposes is not necessary provided that the images are intended to show a general indication of currency, and there is no danger the images could be misused. If there is any doubt as to whether consent is needed, it is safer to seek consent.

Canadian Coins

The Royal Canadian Mint ("**Mint**") is the copyright owner of the images on Canadian coins. To use an image of a Canadian coin, one must apply to the Mint for approval. The application procedure includes submitting a visual layout of how the coin images will be used even if some visual and copy elements are not final. In some cases an administration fee and royalties may be payable to the Mint. If consent is granted, the applicant will receive a letter outlining the terms and conditions of use of the coin images.

6.

CONTESTS, PROMOTIONS AND SPONSORSHIP

Even in a single marketing campaign, a few areas of law or legislation may apply. Each activity should be reviewed on a case-by-case basis to determine the applicable issues.

6.1 Promotional Contests

The *Criminal Code* (Canada) and the *Competition Act* (Canada) are the primary contest-related laws of general application in Canada. Special rules also apply where contests are open to the residents of the Province of Québec. In addition, certain industries must consider specific laws relevant to those industries (e.g., securities, alcohol).

Criminal Code

The *Criminal Code* generally prohibits awarding a prize as part of a game of chance. It also prohibits awarding a prize as part of a game of chance, or a game of mixed chance and skill, where the contestant needs to pay money or other valuable consideration. Therefore, in most circumstances, a contest should be designed so that entrants can participate free of charge and so that the contest includes both an element of chance and an element of skill. In light of the foregoing, contests in Canada often provide a “no purchase necessary” option to enter the contest, and require a potential winner to correctly answer a skill-testing question before being awarded a prize. To ensure the question has a sufficient element of skill, a multi-step mathematical question typically is used.

Competition Act

The *Competition Act* imposes requirements relating to:

(i) timely, adequate and fair disclosure;

(ii) the distribution of prizes; and

(iii) the selection of entrants,

for any contest in which prizes are awarded in an attempt to promote sales or for any other "business interest".

The disclosure must be made in a reasonably conspicuous manner before an entry is made. The disclosure must include the number of prizes, their approximate value, any regional allocation of prizes and the chances of winning. The distribution of prizes must not be unduly delayed. In addition, the selection of entrants must be based on skill or by a genuinely random event.

Québec Legislation

Some contests exclude residents of the Province of Québec from entering. It is likely that this exclusion occurs because contest sponsors do not want to comply with applicable statutory requirements enforced by Québec's contest authority, known as the *Régie des alcools, des courses et des jeux*.

These requirements include:

(i) the filing of a notice, the contest rules, contest-related advertisements and/or winners' report;

(ii) content requirements applicable to contest rules and advertisements;

(iii) the payment of duties;

(iv) posting of security; and

(v) keeping certain records.

Depending on the total value of the prizes, some of the foregoing requirements may not need to be met.

In addition, the *Charter of the French Language (Québec)* requires all documentation related to the contest to be available in French to the extent the contest is offered to residents of Québec. (See Section 10 (Language Considerations) below for information regarding Québec's *Charter of the French Language*.)

Intellectual Property Issues

Contests may raise intellectual property issues, notably because of the use of trademarks and copyrighted material in contest-related materials. As such, it is prudent to conduct a quick search of trademark and copyright databases, notably to make sure that the name of the contest is not the same or confusingly similar to that of a third party. (Trademarks and copyright are discussed above in Section 5 (Intellectual Property).)

Where a contest involves the creation of a musical, artistic, dramatic or literary work (e.g., a *songwriting* contest), careful consideration needs to be given to deal with copyright issues, including the waiver of moral rights (see "Moral Rights" in Section 5.1 (Copyright) above for an explanation of moral rights).

Other Potential Legal Issues

As most contest sponsors collect personal information in contest entries and use such information for the administration of their contests, they must comply with applicable privacy legislation. The privacy analysis may go beyond reviewing the entry ballot, since contest sponsors often tie a marketing campaign to their contest; for instance, by asking entrants to refer a friend.

In addition, depending on the nature and administration of the contest, one may need to consider other issues, such as the participation of minors, ambush marketing (see "Ambush Marketing" in Section 6.5 (Sponsorship) below for an explanation of ambush marketing), and whether there are regulatory rules (e.g., contests related to liquor) or rules of other third parties (e.g., a contest administered through Facebook or Twitter). These examples are not exhaustive of the potential legal issues that may arise.

6.2 Gift Cards

Gift cards are regulated in all Canadian provinces. Consistent in the legislation across Canada is that gift cards generally cannot have expiry dates, and suppliers must disclose all terms and conditions that they impose in connection with their card. Some provinces have very specific rules; for example, in Québec, a merchant must refund the balance of $5 or less remaining on a gift card.

Exceptions to Expiry Date Prohibition

Some provinces provide exceptions to the "expiry date" prohibition. For example, in certain provinces, one may be able to issue a gift card with an expiry date if:

(i) the card will be applied towards a specific good or service;

(ii) the card is sold at a discount; or

(iii) the holder of the card did not provide anything of value in exchange for the card. Therefore, it is important to check the exceptions, if any, found in the applicable legislation.

Fees

Whether a supplier may charge a fee in relation to a gift card varies across the provinces. Where fees are permitted, they generally include fees payable for the purpose of activating the card, replacing a lost or stolen card, or customizing a card.

Multiple Seller Gift Cards

Some provinces have certain rules pertaining to gift cards that may be used at more than one unaffiliated seller, such as a shopping mall gift card. Such rules may, in some cases, permit a supplier to charge a dormancy fee under certain conditions and provided that certain information is indicated on the card.

Other Potential Legal Issues

Gift cards may raise issues concerning false and misleading advertising under the *Competition Act*, restricting the gift card from being used towards the purchase of certain products (such as tobacco), and the issuance of official donation receipts by registered charities in respect of the donation of gift cards. These examples are not exhaustive of the potential legal issues that may arise.

6.3 Loyalty Programs

The legislation governing loyalty programs is varied and includes the *Competition Act*, privacy legislation and provincial consumer protection legislation. Many argue that provisions of the *Criminal Code* pertaining to "trading stamps" (the historic precursor to the modern loyalty program, a cash receipt, receipt, coupon, premium ticket or other device, designed to be given to the purchaser of goods to represent a discount on the price of the goods) as well as provincial unclaimed property legislation may also apply to loyalty programs. Additional legislation may also apply depending on the industry. Notably, the legislation applicable to a number of specific industries (such as the tobacco, alcohol and pharmaceutical industries) prohibits the types of gifts and/or other benefits that can be offered to consumers and whether program members can accumulate points or miles through the purchase of certain products and/or services. Therefore, businesses that offer loyalty programs must be mindful to the restrictions set out in such legislation when establishing and running their programs.

6.4 Coupons and Rebates

A coupon is a discount or promotion provided at the time of purchase, whereas a rebate is a reimbursement of a portion of the purchase price that may be provided to a consumer at the time of purchase of a product or service (e.g., instant rebate) or following the purchase (i.e. mail-in rebate). Both coupons and rebates are subject to the laws concerning misleading advertising and deceptive marketing (see Section 2 (Misleading Advertising and Deceptive Marketing Practices) above).

In addition, the consumer protection legislation in various provinces may also contain provisions that are relevant to coupons and rebates. For instance, in Québec, the *Consumer Protection Act* (Québec) provides that a merchant cannot put greater emphasis, in an advertisement, on a premium (such as a rebate or other benefit offered or given at the time of the sale of goods or the performance of a service) than on the goods or services offered.

The *Canadian Code of Advertising Standards* is a helpful guide when considering the text included on coupons and rebate offers, such as the clauses dealing with accuracy and clarity, and price claims (see Section 2.3 (Other Considerations) above for information on the *Canadian Code of Advertising Standards*).

Coupons

A coupon, whether it is in paper or electronic form, must include (where applicable) the amount of the discount, any requirements to be met in order for the offer to be valid (e.g., the purchase of multiple items or specific brands), and the expiry date, if any. If the coupon applies to a product of which there is only a limited number available such information should also be included on the coupon.

Rebates

Rebate offers should explicitly state the actual price before and after the rebate, the currency in which the rebate will be provided and contact information where consumers may direct inquiries. In the case of a mail-in rebate, the rebate offer should also set out the process for obtaining the

rebate, including where the request for rebate should be sent, an approximate time frame in which the rebate will be processed and what information or items must be included with the request in order for the rebate to be processed (e.g., proof of purchase, UPC code).

It is imperative that the rebate actually be available. Some retailers and manufacturers assume that the majority of consumers will not take advantage of rebate offers and may not be financially prepared to provide a rebate to all those who apply. While it may be the case that a certain percentage of consumers who purchase the product to which the rebate applies will not seek a rebate, the retailer or manufacturer, or their third party rebate provider, must be prepared to provide the rebate to all consumers who apply in compliance with the requirements set out in the rebate materials.

6.5 Sponsorship

Sponsorship of arts, cultural, community or sporting events is a popular method of advertising and can be used to great effect to associate a brand with a particular cause or event and to reach specified groups of consumers. Sponsorship, for many organizations, also provides an opportunity to give back to the community or to support a particular cause.

Sponsorship Agreements

Depending on the relationship between the parties, the value and term of the sponsorship, the sponsorship agreement can be very complex. Typically sponsorship agreements include provisions dealing with:

(i) the value of the sponsorship;

(ii) the trademarks, brands, and copyright materials that may be used in association with the sponsored event or activity, and the grant of license to use such intellectual property;

(iii) the specifics of the event or events;

(iv) any exclusivity provided (this may be territorial in nature or may exclude sponsorship by competitors of the sponsor or who sell goods or services that are similar);

(v) what the sponsor may expect in terms of exposure, advertising or display of its brand by the sponsored party;

(vi) the term of the sponsorship;

(vii) how the sponsored party will protect the sponsor from ambush marketing; and

(viii) restrictions placed by the sponsor to protect the sponsor's brand reputation when used by the sponsored party.

Due to the complexity of sponsorship agreements it is advisable to have them reviewed and or negotiated by a professional with experience in sponsorship, advertising and intellectual property licensing.

General Considerations

In addition to the terms of the sponsorship agreement, misleading advertising and deceptive marketing laws may also apply to the sponsorship relationship and must be considered along with industry specific legislation, such as the federal *Tobacco Act* (Canada), provincial consumer protection legislation, provincial liquor and gaming legislation, and the *Canadian Code of Advertising Standards*. (See Section 2 (Misleading Advertising and Deceptive Marketing Practices) above and, more specifically, Section 2.2 (Consumer Protection Legislation) and Section 2.3 (Other Considerations) above for information on the *Canadian Code of Advertising Standards*).

Prior to entering into a sponsorship agreement, or when considering whether a sponsorship is viable, it is beneficial to consider any internal policies of the organization considered for the sponsorship. Many organizations and government departments have policies governing their acceptance of sponsorships. In addition, a thorough understanding of the reputation of the party or event being considered for sponsorship is necessary to ensure suitability and to address any potential issues.

Ambush Marketing

Ambush marketing can be generally described as a situation where advertisers associate themselves with an event or organization without becoming an official sponsor. It can be direct, creating a very clear association between the advertised product or organization and the event, or more subtle in nature such as alluding to support of the event or its participants. An example of ambush marketing is when a large sporting event is sponsored by one beverage manufacturer and its major competitor hands out free apparel bearing the competitor's trademark to all those attending the event to wear, ensuring that the competing brand is widely seen at the event, including by television audiences, without having paid a sponsorship fee.

Official sponsors and organizations hosting and organizing major events are very sensitive to ambush marketing because it can decrease the value of sponsorships and the willingness of sponsors to pay for official sponsorships. When considering advertisements related to a major event that is outside a sponsorship relationship, it is worthwhile to have such proposed advertisements reviewed to ensure that they are not likely to give rise a claim of ambush marketing, trademark infringement or passing off. ("Trademark Infringement" and "Passing Off" are discussed above in Section 5.2 (Trademarks)).

7.

PACKAGING AND LABELLING

The primary federal legislation regulating the packaging and labelling of prepackaged consumer goods in Canada is the *Consumer Packaging and Labelling Act* (Canada) ("**CPLA**"). Both food and non-food consumer products are covered under the CPLA. However, "devices" and "drugs" (as defined under the *Food and Drugs Act* (Canada)) are not.

The CPLA applies to "dealers", including retailers, manufacturers, processors and producers of consumer products, or any person who is engaged in the business of importing, packing or selling a consumer product. Notably, the CPLA prohibits dealers from selling, advertising or importing into Canada any prepackaged product unless a label containing certain information is affixed to the product and it does not contain any false or misleading representations.

7.1 Mandatory Label Requirements for Prepackaged Consumer Products

Generally, the label of a prepackaged consumer product sold in Canada must set out the following information:

(i) the common name of the product;

(ii) the net quantity of the product; and

(iii) the dealer's name and principal place of business or manufacture.

The first two items above must be set out in both English and French, whereas the third item above can be set out in either language, subject to the requirements pertaining to French translation set out in the section below.

Additional information may be required by the CPLA or regulations thereunder, for instance in the case of imported goods. Such information must also be set out in both English and French (e.g., a geographic origin claim on a label).

Regulations prescribe the manner in which information must be set out on a label, including the location of the information and the height size of the characters.

7.2 French Translation

If a product is intended to be distributed in the Province of Québec, the Québec's *Charter of the French Language* requires that every inscription on the product, container, wrapping, or document or object supplied with the product be in French. The French inscription may be accompanied by an inscription in another language (such as English), but no inscription in that language may be given greater prominence than that in French. The *Charter of the French Language* also provides specific requirements in respect of specific products, such as toys and games, computer software, cultural and educational products.

An inscription on a product may be exclusively in a language other than French (e.g., in English only) in a number of prescribed circumstances. For example, in the case of:

(i) a product that is from outside Québec, that is intended for incorporation into a finished product or for use in a manufacturing, processing or repair operation and is not offered in Québec for retail sale;

(ii) a product that is from outside Québec and that has an inscription that is engraved, baked or inlaid in the product itself, riveted or welded to it or embossed on it, in a permanent manner, provided that it does not concern safety;

(iii) a trademark that is registered in Canada, unless a French version of such trademark has also been registered.

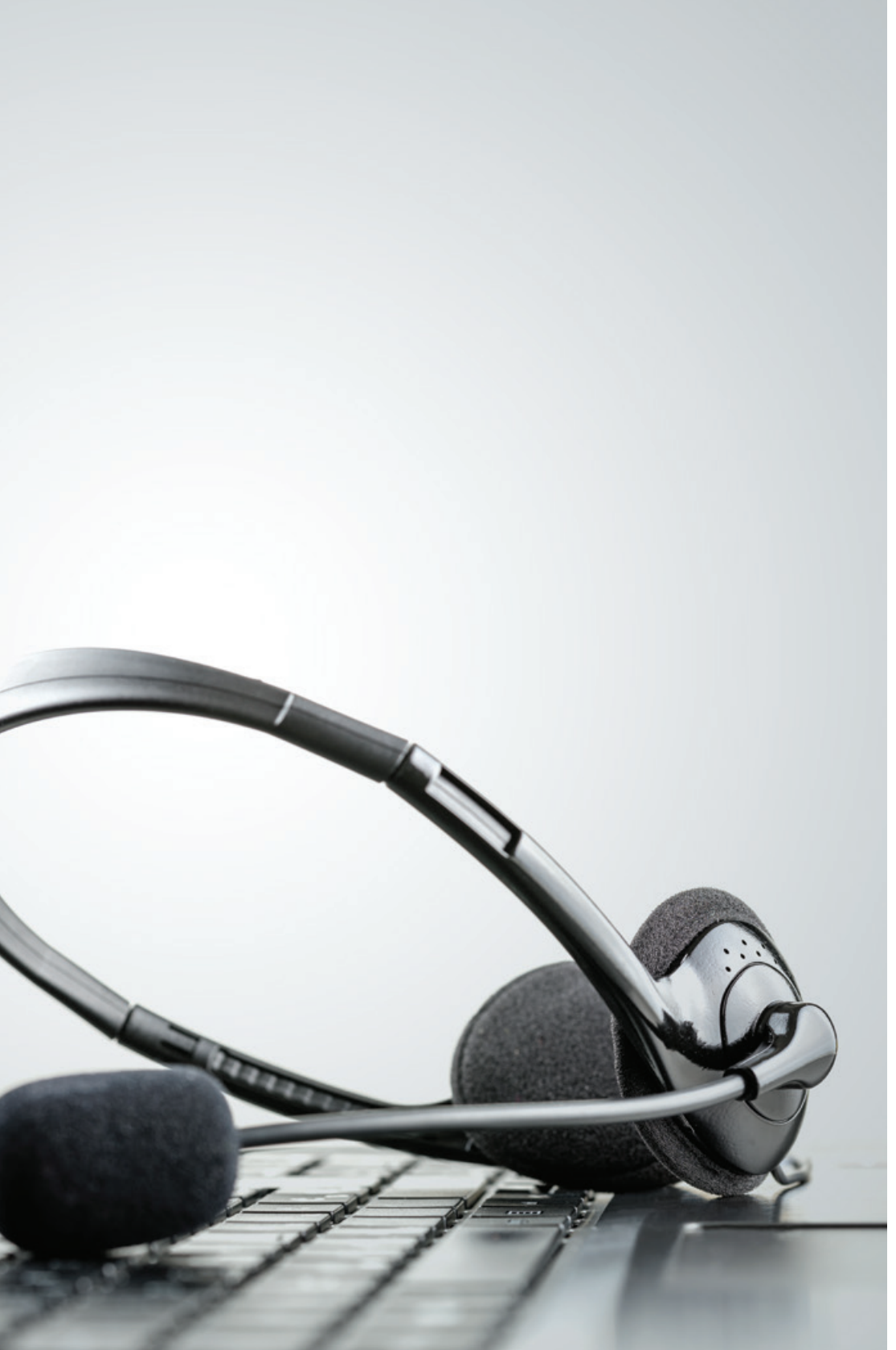
7.3 Other Relevant Laws

There are also packaging and labelling requirements that apply to specific categories of goods. For example, at the federal level: the *Food and Drugs Act* (Canada) for food, drugs and cosmetics; the *Canada Consumer Product Safety Act* (Canada) for a broad range of consumer products, including carpets, cribs, strollers, toys and lighters; the *Textile Labelling Act* (Canada) for textile fibre products; and the *Tobacco Act* (Canada) for tobacco products.

> "The CPLA prohibits dealers from selling, advertising or importing into Canada any prepackaged product unless a label containing certain information is affixed to the product and it does not contain any false or misleading representations."

Provincial legislation also exists. For example, Ontario has enacted the *Upholstered and Stuffed Articles Regulation 218/01* ("**USAR**") under the *Technical Standards and Safety Act, 2000* (Ontario). The USAR applies to articles that contain stuffing, which means any material used for padding, filling or cushioning that is enclosed by a covering (e.g., stuffed toys, sleeping bags and jackets). The USAR prohibits the sale of articles that do not bear a label in accordance with the regulation.

Other laws to keep in mind in terms of packaging and labelling include the *Competition Act* with respect to misleading advertising claims and deceptive marketing practices (e.g., making "Product of Canada" and "Made in Canada" representations) (see Section 2 (Misleading Advertising and Deceptive Marketing Practices) above), and the *Marking of Imported Goods Regulations* with respect to indicating the country of origin of goods.



8.

TELEMARKETING

The *Unsolicited Telecommunications Rules* ("**UTR**") and the *Competition Act* (Canada) primarily govern telemarketing to Canadians. The UTR defines the term "telemarketing" as "the use of telecommunications facilities to make unsolicited telecommunications for the purpose of solicitation."

8.1 Unsolicited Telecommunications Rules

The UTR, which are enforced by the Canadian Radio-television and Telecommunications Commission ("**CRTC**"), govern the making of unsolicited calls and faxes to Canadian consumers for the purpose of solicitation. One part of the UTR pertains to the National Do Not Call List ("**DNCL**") that is established pursuant to the *Telecommunications Act* (Canada). Generally, the UTR prohibits a telemarketer from making a telemarketing telecommunication to a consumer's number that is on the National DNCL. The telemarketer (or, if applicable, the telemarketer's client) must be a registered subscriber of the National DNCL and have paid all applicable fees to the National DNCL operator. The version of the DNCL to be used must not be more than 31 days prior to the date that any telemarketing telecommunication is made.

Although a particular situation may be exempt from the National DNCL rules (e.g., a call made for the sole purpose of collecting information for a survey of members of the public), "Part III: Telemarketing Rules" of the UTR may still apply. Among other things, these rules mandate when telemarketing telecommunications may be made, and the information to be provided to the person receiving the telecommunication.

The UTR also set out rules pertaining to the use of the National DNCL, maintenance of internal do not call lists, use of automatic dialing-announcing devices and random dialing, acceptable forms of express consent, and record keeping obligations.

8.2 Competition Act

The *Competition Act* has provisions requiring certain disclosures to be made by persons engaged in telemarketing, such as identifying the person who the call is made for at the beginning of the call. It also has provisions prohibiting certain acts which are considered to be deceptive telemarketing, such as making a representation that is false or misleading in a material respect.

8.3 Other Considerations

Other legal telemarketing-related aspects to keep in mind include the telemarketers licensing requirements in British Columbia, and privacy and consumer protection legislation.

> "The telemarketer must be a registered subscriber of the National DNCL and have paid all applicable fees to the National DNCL operator."

9.

ADVERTISING TO CHILDREN

There is currently no Canadian federal legislation in place that specifically prohibits or restricts commercial advertising or promotions directed at children. Québec is currently the only Canadian province to prohibit advertising directed at children.

9.1 Québec Legislation

The *Consumer Protection Act* (Québec) prohibits commercial advertising directed at persons under 13 years of age ("**children**"), subject to a number of exceptions. To determine whether an advertisement is directed at children, the *Consumer Protection Act* provides that one must take into account the context of its presentation, and in particular of:

(i) the nature and intended purpose of the goods advertised;

(ii) the manner of presenting such advertisement; and

(iii) the time and place it is shown.

The *Regulation respecting the Application of the Consumer Protection Act* provides that an advertisement directed at children is exempt from the prohibition, under the following conditions:

(i) it must appear in a magazine or insert directed at children;

(ii) the magazine or insert must be for sale or inserted in a publication which is for sale;

(iii) the magazine or insert must be published at intervals of not more than 3 months; and

(iv) the advertisement must meet the requirements outline below.

For the above-mentioned purposes, an advertisement directed at children, which is permitted pursuant to the aforementioned Regulation, may not, among other things:

(i) directly incite a child to buy or to urge another person, such as the child's parent, to buy goods or services or to seek information about it;

(ii) advertise goods or services that, because of their nature, quality or ordinary use, should not be used by children, such as a drug or a vitamin;

(iii) portray a person acting in an imprudent manner;

(iv) portray a person or character known to children to promote goods or services (as opposed to a character created expressly to advertise goods or services if it is used for advertising alone), except in certain limited circumstances;

(v) use an animated cartoon process, except to advertise a cartoon show directed at children;

(vi) use a comic strip, except to advertise a comic book directed at children; or

(vii) suggest that owning or using a product will develop in a child a physical, social or psychological advantage over other children of his age, or that being without the product will have the opposite effect.

9.2 Self-Regulatory or Industry Codes

Note that the advertising industry (including advertisers, advertising agencies and media organizations) has developed specific self-regulatory codes and guidelines to address specific advertising issues and concerns, including advertising to children. While compliance with the above-mentioned codes are voluntary, it is important to note that an advertiser's failure to comply with the applicable code may result in expulsion from a member organization or negative publicity for an advertiser, including public announcements that an advertiser is in breach of a particular code or of the advertiser's expulsion.

The *Canadian Code of Advertising Standards* issued by Advertising Standards Canada ("**ASC**") requires advertising that is directed to children not to exploit their credulity, lack of experience or their sense of loyalty. Moreover, the advertising must not present information or illustrations that might result in their physical, emotional or moral harm. Finally, products that are prohibited from sale to children (e.g., drugs, except fluoride toothpastes) must not be advertised in such a way as to appeal particularly to children, and people featured in advertisements for such products must be, and clearly seen to be, adults.

The ASC has also issued and administers the *Broadcast Code for Advertising to Children* for ("**Code**") advertising in the broadcast media that is directed to children under 12 years of age. Broadcasters must comply with the Code, and must obtain preclearance from the ASC's Children's Advertising Section before any paid commercial messages are aired.

In addition, special codes, standards, rules and guidelines may also apply for certain industries (such as in the motor vehicle, tobacco, food, drug and alcohol industries) or as a condition of membership to an association (such as the Canadian Marketing Association).

"The *Consumer Protection Act* (Québec) prohibits commercial advertising directed at persons under 13 years of age ("**children**"), subject to a number of exceptions."

10.

LANGUAGE CONSIDERATIONS

English and French are Canada's two official languages. Language requirements that apply to businesses are found in federal legislation and in some provincial legislation. At the federal level, for example, Canada's *Consumer Packaging and Labelling Act* requires that certain information set out on the labels of consumer products be provided in both English and French regardless of whether or not the products are distributed in Québec.

10.1 Québec Requirements

Certain additional requirements must be taken into account when doing business in Québec. The *Charter of the French Language* (Québec) ("**Charter**") proclaims French as the official language of Québec.

Inscriptions on Products

With regard to most products sold on the Québec market, including imported goods, all inscriptions on the product, on its container, on its wrapping or on a document or object supplied with it (such as directions for use and warranty certificates) must be printed in French, subject to limited exceptions. See "French Translation" in Section 7 (Packaging and Labelling) above for further discussion on this topic.

Commercial Publications

All catalogues, brochures, folders and other similar commercial publications distributed in Québec must be offered in French. A non-French version of such publications may also be distributed, provided that the French version is the same as the non-French version and that it is available

> In Québec, multi-lingual commercial publications are permitted, provided that the French text is displayed at least as prominently as the text in another language.

under no less favourable conditions of accessibility and quality as the non-French version. Multi-lingual versions are also permitted, provided that the French text is displayed at least as prominently as the text in another language. A number of limited exceptions to the above rule also exist.

It is the position of Québec's French language authority (known as the *Office québécois de la language française*) that websites are governed by the same rules as other forms of commercial publications. Thus, websites of businesses with establishments in Québec, selling products or offering services in Québec, must be in French. Multi-lingual versions of the websites are also permitted, provided the French version of the websites contain all of the information otherwise found on other versions.

Public Signs and Commercial Advertising

Public signs and commercial advertising must also be in French or in both French and another language, subject to a limited exception, provided that French is markedly prominent. Note that the Charter sets out conditions for marked predominance on signs and advertising.

Businesses operating in Québec must also have a name in French. Whether or not the French name must be used and the emphasis put thereon will depend on the medium used.

Non-French trademarks are permissible in Québec, whether on product labelling and packaging, in commercial publications and/or on public signs and commercial advertising, provided certain requirements have been met. A business can use a non-French trademark to the extent that: (i) the non-French trademark is registered in Canada; and (ii) no French version of such trademark is registered in Canada.

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Borden Ladner Gervais LLP

Advertising, Marketing and Sponsorship Group

National Leaders

Eva Chan
Toronto | 416.367.6722 | evachan@blg.com

Alexandra Nicol
Montréal | 514.954.3158 | anicol@blg.com

Regional Leaders

Robert J.C. Deane
Vancouver | 604.640.4250 | rdeane@blg.com

LuAnne Morrow
Calgary | 403.232.9577 | lmorrow@blg.com

Alexandra Nicol
Montréal | 514.954.3158 | anicol@blg.com

Victoria Prince
Toronto | 416.367.6648 | vprince@blg.com

Kathleen Lemieux
Ottawa | 613.787.3740 | klemieux@blg.com

Calgary | Montréal | Ottawa | Toronto | Vancouver
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