

## IS YOUR COMPANY CONDUCTING OR INTENDING TO CONDUCT BUSINESS IN QUEBEC?

On April 9, 2014, in *Magasins Best Buy Itée c. Québec (Procureur general)*, 2014 QCCS 1427 the Quebec Superior Court issued its decision confirming that entities conducting business in Quebec can continue to use English language trademarks that appear on public signs, posters and commercial advertising without the requirement to add generic terms in French.

By way of general background, Bill 101, i.e., the Charter of the French Language R.S.Q. c. C-11 (the “Charter”), was adopted by the Quebec government in 1977 with the goal being the preservation of the quality and status of the French language. The Charter makes French Quebec’s official language when it comes to the government, education, commerce and the workplace. In general, the language of commerce and business with regard to public signs, posters and commercial advertising must be in French. Another language can also appear so long as the French language is clearly predominant. Specifically, section 58 of the Charter states as follows:

**58.** Public signs and posters and commercial advertising must be in French. They may also be both in French and in another language provided that French is markedly predominant. However, the Government may determine, by regulation, the places, cases, conditions or circumstances where public signs and posters and commercial advertising must be in French only, where French need not be predominant or where such signs, posters and advertising may be in another language only.

Exceptions can be determined by regulation adopted by the Government. One such exception is with regard to trademarks under paragraph 25(4) of the *Regulation Respecting the Language of Commerce and Business*, R.S.Q. c. C-11, r. 9 (the “Regulation”), which reads as follows:

**25.** On public signs and posters and in commercial advertising, the following may appear exclusively in a language other than French:

(4) a recognized trade mark within the meaning of the Trade Marks Act (R.S.C. 1985, c. T-13), unless a French version has been registered.

The *Office québécois de la Langue Française* (the “OQLF”), is the body in charge of enforcing the Charter and its Regulation. Given the above trademark exception, the practice of the OQLF for many years has been to allow businesses in Quebec to use their trademarks, which are exclusively in languages other than French, on their public signs and posters and in commercial advertising, provided that no French version of their trademark had been registered.

Over the past few years, the OQLF changed the way it had been applying the Charter and Regulation with regard to the trademark exception. The OQLF took the position that the use of trademarks in a language other than French is a violation of the Charter and attempted to invoke section 27 of the Regulation to support its position. Section 27 of the Regulation states that:

**27.** An expression taken from a language other than French may appear in a firm name to specify it provided that the expression is used with a generic term in the French language.

In applying section 27 of the Regulation to trademarks, the OQLF's revised interpretation was that using a trademark on a storefront or on other public signs is equivalent to using that trademark as a commercial name. Since section 27 of the Regulation requires that commercial names in languages other than French be accompanied by generic terms in the French language, the OQLF started requiring that businesses in Quebec add generic terms in the French language to their non-French trademarks when using them in public signs, posters and commercial advertising. With this new interpretation, the OQLF began to put many retailers in Quebec on notice that penal proceedings would be instituted against them if they did not add a generic term in the French language when using their non-French language trademarks on public signs, posters and commercial advertising, including on their storefronts.

Given the negative implications the OQLF's new position would have on their trademarks and their respective businesses, eight retailers (i.e., Magasins Best Buy Ltée, Costco Wholesale Canada Ltd., Gap (Canada) Inc., Old Navy (Canada) Inc., Corporation Guess? Canada, La Compagnie Wal-Mart du Canada, Toys "R" US Canada Ltée and Curves International, Inc.) petitioned the Quebec Superior Court (the "Court") for a declaratory judgment to confirm that public signs, posters and commercial advertising which include non-French language trademarks complied with the *Charter* and the *Regulation* and that the addition of a French language generic term was not required.

The Court ruled in favour of the retailers and held that the exclusive use of trademarks in a language other than French without a French language generic term was authorized if no French version of such trademark is registered. Accordingly, businesses operating in Québec do not have to add a generic French term to their non-French

trade-mark on public signs and commercial advertising provided that a registered French version of the business' trademark(s) does not exist.

In coming to its decision, the Court noted among other things that the commercial name of an entity is a distinct legal concept from that of the trademark used by the entity in its public signs, posters and commercial advertising. As such, section 27 of the *Regulation* does not apply to the use of recognized trademarks in public signs, posters and commercial advertising.

Notwithstanding the favourable decision to retailers, it is important to note that the trademarks at issue in this case were all registered trademarks and no French version of these trademarks had been filed. The Court expressly stated that it would not opine as to what the outcome of the case would have been if the trademarks in issue had not been registered.

Therefore, to err on the side of caution, companies seeking to do business in Québec and wishing to benefit from the trademark exception should ensure that their non-French trademark(s) are registered prior to using their trademarks in Quebec with the intended goods/services.

**[The Procureur general du Québec has filed a Notice of Appeal \(May 7, 2014\) to this decision.](#)**

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