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Bill 96 and the Use of Non-French Trademarks on Public Signage in Quebec: An Update

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Bill 96, *An Act respecting French, the official and common language of Québec*, will likely become law by the end of 2022. It has already been adopted in principle and is presently with the Committee on Culture and Education for further consideration.

Among other things, Bill 96 would amend the *Charter of the French Language* (the Charter) in a number of respects. The Charter mandates the use of French on labels, in written materials and on public signage, among other things. The rules around public signage, especially when visible from the outside (i.e., retail store signage, store windows, billboards, and the like), are stricter than the rules for labels and written materials by requiring, in essence, more French. Bill 96 tightens the rules on public signage that were put in place starting back in 2010 informally and 2016 formally. This update focuses on the amendments concerning the display of non-French trademarks on public signage and outlines what trademark owners who conduct business in Quebec should consider in anticipation of the enactment of these amendments into law.

What You Need to Know

- Presently, under the Charter, French text must be "markedly predominant" to the text in any other language on public signage. There is an exception to translation for "recognized trademarks," which includes both registered and unregistered trademarks. Bill 96 would require a non-French trademark to be registered to benefit from the "trademark exception."[1]

- Where the registered non-French trademark is displayed on public signage "visible from outside the premises," it must be accompanied by French text so that on a visual impact test, French is "markedly predominant." This requirement is more onerous than under the current Regulations to the Charter, which were amended in 2016 to require non-French trademarks to be accompanied by a "sufficient presence of French."

- Trademark owners who amended their signage to comply with the 2016 amendments will likely need to replace their signage visible from outside the premises to comply with Bill 96.

- For signage that is not visible from outside the premises, a registered non-French trademark may be

displayed without additional French terms.

- Unregistered non-French trademarks will no longer benefit from a “trademark exception” and therefore cannot appear exclusively in a language other than French on public signage. Irrespective of whether they are displayed on public signage visible to the outdoors or not, they must also be accompanied by French that is “markedly predominant,” including where previously a “sufficient presence of French” would have sufficed.

It appears that Bill 96 would leave current language requirements for labels and written materials essentially intact, including the “recognized trademark” exception.

Background

For context, Canada has two official languages, French and English. Many federal laws mandate the use of both languages. For example, the *Consumer Packaging and Labelling Act* and regulations require pre-packaged consumer goods (i.e., anything sold on a shelf in a box, with wrapping or confining band) to have a common or generic name in both French and English on the principal display panel, with some limited exceptions). There are numerous other examples of federal laws that mandate the use of French and English on packaging of products, including food, drugs, cosmetics, and the containers of consumer chemicals.

For Quebec, the mandated use of French is more extensive than under these federal laws. Adopted in 1977, the Charter mandates the use of French in a variety of contexts, including:

- every inscription on a product, its container, or its wrapping, and on any document or object supplied with it, including the directions for use and the warranty certificates, as well as on menus and wine lists (labels);[2]
- catalogues, brochures, folders, commercial directories, and any similar publications, including websites (written materials);[3] and
- public signs and posters and commercial advertising (public signage).[4]

Prominence of the French Language

For labels, the Charter states that French text (inscriptions) may be accompanied by English[5] translation, but English may not be given greater prominence than French. Put another way, French must be at least as prominent as English. In practical terms, in the case of bilingual product packaging, this means that the same font, type face, and type size are used for both languages**.** It is not uncommon for manufacturers of consumer goods to have one English label and one French label, with the product positioned differently on

the retail shelf depending on the market.

In the case of written materials, the *Regulation respecting the language of commerce and business* (the Regulations) permit separate versions as long as the presentation of the French version is available under "no less favourable conditions of accessibility and quality" than the English version.[6]

French Prominence on Public Signage

Public signage has always been treated differently under the Charter. Instead of "equal prominence" for Labels and "equal accessibility and quality" for written materials, section 58 of the Charter states that, on public signage,

- French must be "markedly predominant," or
- the text must be exclusively in French, as required by the Regulations.[7]

Markedly Predominant

The *Regulation defining the scope of the expression "markedly predominant" for the purposes of the Charter of the French language* (the Markedly Predominant Regulation) defines "markedly predominant" according to various "visual impact" tests. For example, if both French and English appear on the same public sign, French is considered "markedly predominant" if

(1) the space allotted to French text is at least twice as large as the space allotted to English text;

(2) the characters used in the French text are at least twice as large as those used in the English text; and

(3) the other characteristics of the sign or poster do not have the effect of reducing the visual impact of the French text.[8]

The Markedly Predominant Regulation sets out other "visual impact" guidelines if the languages appear on different signs of the same size or on different signs of different sizes.

Exclusively in French

The Regulations mandate the exclusive use of French on

- commercial advertising displayed on billboards, on signs or posters, or on any other medium having an area of 16 m^2 or more and visible from any public highway, unless the advertising is displayed on the very premises of an establishment of the firm;[9] and

- commercial advertising on or in any public means of transportation, including bus shelters.[10]

The "Trademark Exception"

The Regulations contain very limited exceptions to the mandated use of French on labels, written materials, and public signage. One exception is for "a recognized trademark within the meaning of the *Trademarks Act* unless a French version has been registered," which may be written in a language other than French (the "recognized trademark exception").[11]

The phrasing of the recognized trademark exception begs the question: what is a "*recognized* trademark within the meaning of the *Trademarks Act*"?

The *Trademarks Act*, which is a federal law, recognizes the existence of both registered and unregistered trademarks, and indeed, section 2 defines trademarks, in part, to be "a sign or combination of signs that is used or proposed to be used by a person for the purpose of distinguishing or so as to distinguish their goods or services from those of others," without reference to registration. Courts routinely recognize unregistered trademarks, and the owners who have used such marks possess certain rights, including the right to oppose the registration of a confusingly similar mark, and the right to stop others from "passing off" their goods and services as those associated with the senior unregistered mark.

The Office québécois de la langue française (the OQLF), the government agency responsible for enforcing the Charter, has previously taken the position that a "recognized trademark within the meaning of the *Trademarks Act*" means a "registered" trademark. For example, in the past, it published an interpretation guide to the Charter, which suggested that trademarks must be registered at the time the exception to translation is claimed.

The OQLF's position may have been a practical one, namely, that a registration provides the best evidence that words are capable of being "recognized" as a trademark, whereas unregistered trademarks require analysis by those experienced with trademark law. However, as noted above, the *Trademarks Act* and the courts recognize both registered and unregistered trademarks. Since neither the Charter nor the Regulations expressly state that trademarks must be *registered* to qualify for the exception, trademark owners could rely upon the ambiguity.

Trade Names

A legal entity must have a French trade name to conduct business in Québec.

There are rules around what constitutes a French trade name. A trade name may be considered a French

trade name if it consists of a specific expression in another language, provided that it is accompanied by a generic French term. For example, CAFÉ POR FAVOR, while including a Spanish phrase, would be acceptable.[12] However, if the generic term is the same in English and French, it is necessary to place the generic term in front of the trade name to follow French grammatical structure. For example, RESTAURANT PICANTE would be acceptable, but PICANTE RESTAURANT would not be.

National and international companies operating in Québec will often have both a French trade name and an English trade name. The Charter sets out rules of how both versions of a name can appear together.

Under the Charter,[13] the French trade name may be accompanied by an English trade name provided that the French version is at least as prominent as the English version. However, where the English version of the trade name is displayed on public signage alongside the French version, the French version must be "markedly predominant."[14] In the case of written materials drafted only in English, the English trade name may be used exclusively.

Evolution of the Recognized Trademark Exception and Public Signage

In 2010, although there had been no changes to the language of the law, the OQLF announced a new interpretation of the Regulations.[15] In short, the OQLF took the new position that, when non-French trademarks appeared on public signage, they were being used as trade names and therefore must be accompanied by a generic descriptor of the business in French.

In 2012, a group of eight international retailers,[16] and with the Retail Council of Canada and the International Trademark Association (INTA) as interveners, asked the Québec Superior Court for a declaratory judgment that non-French trademarks on public signage complied with the Charter and the Regulations without the need to add French generic descriptors. The retailers prevailed at the Superior Court[17] and on appeal before the Québec Court of Appeal.[18]

As a result, the Regulations were amended in 2016 to expressly require non-French trademarks to be accompanied by a "sufficient presence of French"[19] when they appeared on public signage outside an "immovable."[20] In this situation, the Regulations defined "sufficient presence of French" to mean public signage whose qualities (1) give French permanent visibility, similar to that of the trademark displayed, and (2) ensure the legibility of the French in the same visual field as the trademark.[21]

Under the Regulations, the requirement for a "sufficient presence of French" can be achieved by combining the non-French trademark with one of the following, presented in French:

- a generic term or a description of the products or services concerned;
- a slogan; or

- any other term or indication, favouring the display of information pertaining to the products or services to the benefit of consumers or persons frequenting the site.

To illustrate, COOL KIDS is an English trademark used in association with retail sale of children's clothing. COOL KIDS is displayed on storefront signage (an "immovable"). One way to have a "sufficient presence of French" is to accompany the English trademark with a French generic term or description of the services: Vêtements COOL KIDS.[22]

In conjunction with the amended Regulations, the OQLF published a guide for businesses regarding the use of non-French trademarks on signage.[23]

Bill 96: Further Evolution of Trademarks on Public Signage

Bill 96 is a further evolution of the use of non-French trademarks on public signage. Specifically, it would amend the Charter to require non-French language trademarks to be "registered within the meaning of the *Trademarks Act*" if they appear, even partially, on public signage, as long as no corresponding French version has been registered.[24]

Further, if the non-French trademark is on public signage visible from outside the premises, then French would have to be "markedly predominant." The same requirement does not apply for indoor signage not visible from outside. As set out above, the 2016 amendment to the Regulations only mandated "sufficient presence of French" on public signage attached to "immovables." Specifically, Bill 96 would introduce the following new provision to the *Charter*:

58.1. Despite section 58, on public signs and posters and in commercial advertising, a trademark may be drawn up, even partially, only in a language other than French, provided the trademark is registered within the meaning of the Trademarks Act (Revised Statutes of Canada, chapter T-13) and no corresponding French version appears in the register kept according to that Act.

However, on public signs and posters visible from outside premises, French must be markedly predominant where such a trademark appears in a language other than French.

Similarly, Bill 96 would introduce the following new provision, requiring that, on public signage visible from outside premises, the generic French terms accompanying trade names that consist of a specific expression in another language must now also be "markedly predominant":

68.1. On public signs and posters visible from outside premises, French must be markedly predominant if they bear an enterprise's name that, under section 67, includes an expression taken from a language other than French, even where they otherwise comply with the second paragraph of section 68.

The requirement for “marked predominance” is higher than “sufficient presence of French.” Practically, it means that, whenever a non-French trademark is displayed on public signage visible from outside, it would have to be accompanied by French text that has greater visual impact than the non-French trademark. Recall above, the Markedly Predominant Regulation gives guidance on achieving “marked predominance” in various scenarios.

It is also important to note that these amendments will come into effect three years after Bill 96 receives assent.

Additional Enforcement Powers & Sanctions

Bill 96 would also amend the Charter to give the OQLF greater enforcement powers, including the jurisdiction to issue mandatory orders for violations of the Charter and to apply to the courts for an order to remove or destroy any public signage that contravenes the Charter, at the expense of the person to whom the order is directed (which may be the owner of the public signage or the person who placed it or had it placed).

Bill 96 would also increase the fines for violations of the Charter as follows:

- An individual would be liable for fines of $700 to $7,000 (the current fines range from $600 to $6,000), and any other entity would be liable for fines of $3,000 to $30,000 (the current fines range from $1,500 to $20,000).
- The minimum and maximum fines would be *doubled* for a second offence and *tripled* for a subsequent offence.
- An offence that continues for more than one day would be treated as a separate offence (and so the fines would increase).
- If an offence is committed by an officer or director of an entity, the individual fines would be doubled for that person.

Additionally, where an enterprise repeatedly contravenes the Charter, the OQLF would be entitled to “suspend or revoke a permit or another authorization of the same nature.”[25]

In other words, not only are the trademark and trade name language requirements contemplated by Bill 96 much stricter, but the potential liability would also increase significantly. And, unlike the amendments with respect to trademarks, which have a three-year transition period, these new powers would be available to the OQLF as soon as Bill 96 receives assent.

Bill 96’s Potential Impact on Trademark Rights

Many of the concerns with Bill 96 are similar to those that were raised prior to the 2016 litigation, and in particular by INTA as an intervener.[26] For example, it has been argued that the requirement that French be "markedly predominant" on public signage that displays a non-French trademark potentially increases the risks of consumer confusion and the risk of loss of goodwill. This requirement may change the appearance and impression of non-French trademarks in such a way as to increase the likelihood of confusion for consumers (including visitors to the province who are unfamiliar with the law) or to reduce the value of the goodwill associated with the mark (by reducing, for example, the level of distinctiveness).

Other concerns have been raised about whether registrations for non-French trademarks will be vulnerable to cancellation under the *Trademarks Act* if they are not *used as registered* because they are combined with French text so that French is "markedly predominant" on public signage. There have been other instances where legislation has accommodated this risk.[27]

Some Practical Considerations

What can trademark owners do in anticipation of these amendments?

1. **Adopt French language trademarks for public signage.** Although perhaps not a practical answer, do not display non-French trademarks on public signage. Instead, consider adopting French-language trademarks or trademarks comprising coined words only. The Charter and Regulations clearly demonstrate that there is particular sensitivity for public signage, and there is also evidence that French-only public signage may be viewed more favourably by Québec consumers.
2. **Apply to register non-French trademarks that you will use on public signage.** If you intend to use non-French trademarks on public signage, consider applying to register them now. In some cases, of course, this may be impractical: public signage is often used for promotional campaigns that have not yet been conceived and may only exist for a limited time, and it is impossible to file now for trademarks that may be developed in the future. However, if there are core marks that you routinely use on public signage, apply for them now, since it is currently taking between 32 and 36 months to first examination for domestic applications and 18 months for Madrid applications.

As mentioned above, once Bill 96 is passed, there will be a three-year transition period for the changes to the recognized trademark exception on public signage to come into force. Although the Trademarks Office is working to shorten timelines, it will likely still take more than three years to obtain a registration.

The Trademarks Office permits expedited examination in certain circumstances and upon written request. One such circumstance is contemplated for litigation concerning the mark that is the subject of a pending application. Query whether in response to the enactment of Bill 96, the Trademarks Office will also permit a written request for examination because of the requirements for registration under Bill 96 or where the OQLF issues an order in respect of a trademark for which an application is pending.

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Tracking the Progress of Bill 96

The National Assembly of Québec recently reconvened after the winter holidays and will sit until mid-June. With the return of the Assembly, and an upcoming provincial election in October 2022, we can expect to see further progress on the bill in the near future. Hearings on the bill before the Committee on Culture and Education are ongoing. Keep an eye on future Cassels Insights for updates on Bill 96.

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[1] Consistent with the existing trademark exception, it would not be available where a French version of the trademark is registered.

[2] Charter, s. 51

[3] *Ibid.*, s. 52

[4] *Ibid.,* s. 58

[5] For this article, we will use "English," but the comments apply equally to the use of any language other than French.

[6] s. 10

[7] Regulations, Division III

[8] s. 2

[9] Regulations, s. 15

[10] *Ibid*, s. 16

[11] *Ibid*, ss. 7(4), 13(4), 25(4)

[12] Charter, s. 67; Regulations, s. 27

[13] Charter, s. 6

[14] *Ibid.*

[15] Section 27 of the Regulations states: "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."

[16] 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.

[17] *Magasins Best Buy Ltée et al. v. Québec (Procureur général)*, 2014 QCCS 1427

[18] *Magasins Best Buy ltée v. Québec (Procureur général)*, 2015 QCCA 747

[19] Regulations, ss. 25.1, 25.3

[20] "Immovable" means a building and any structure intended to receive at least 1 person for the carrying on of activities, regardless of the materials used, excluding a temporary or seasonal facility (Regulations, s. 25.2). Essentially, it refers to a physical storefront.

[21] "Legibility" is assessed differently depending on the location of the sign or poster. For example, in the case of a sign or poster visible from the highway, legibility is assessed from the highway.

[22] This is one of the ways to achieve sufficient presence of French. Others include: (1) use of a description of the goods/services ("COOL KIDS: Vêtements pour les enfants de 0 à 12 ans"), (2) use of a slogan ("COOL KIDS: POUR HABILLER VOTRE ENFANT AVEC STYLE"), or by giving prominence to informational signage on the goods/services.

[23] "Affichage des marques de commerce": https://www.oqlf.gouv.qc.ca/francisation/entreprises/201610_guide_affichage-marques-commerce.pdf

[24] New proposed section 58.1 to the Charter; section 47 in Bill 96.

[25] New proposed section 204.27 to the Charter; section 114 in Bill 96.

[26] Indeed, the CEO of INTA wrote to The Honorable Simon Jolin-Barrette, Minister Responsible for the French Language, in 2021 to raise numerous concerns.

[27] To cite one recent example, registrations for cannabis and cannabis accessories are protected from being summarily cancelled for non-use.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.