

AN IMPORTANT CHANGE REGARDING THE TREATMENT OF TRADE-MARK APPLICATIONS IN CANADA: A FIFTY YEAR PRACTICE BY THE TRADE-MARKS OFFICE IS OVERTURNED FOLLOWING THE DECISION OF THE FEDERAL COURT OF APPEAL IN THE *EFFIGI* CASE

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In an important decision which changes the rules of the game regarding the treatment of trade-mark applications in Canada, the Federal Court of Appeal in *Attorney General of Canada v. Effigi Inc.*, 2005 FCA 172 (F.C.A., Décar, Létourneau and Pelletier, J.J.A.) confirmed an earlier decision handed down in 2004 by the Federal Court (*Effigi Inc. v. Attorney General of Canada* (2004), 35 C.P.R. (4th) 307 (F.C., Shore J.)) where it was decided that the Registrar of Trade-marks, when examining a trade-mark application under paragraph 37(1)(c) of the *Trade-marks Act*, R.S.C. (1985), c. T-13, cannot refuse a proposed use trade-mark application because of confusion created with another trade-mark mentioned in a later filed application which alleges a date of first use that is earlier than the date of filing of the first filed application; in other words, at the examination stage, an alleged date of use is not a relevant factor to determine entitlement to registration.

The Registrar's practice

Ever since the adoption of Canada's current *Trade-marks Act* back on July 1st, 1954, it had been the practice of the Registrar of Trade-marks to refer to any alleged date of first use mentioned in a trade-mark application (and not to its actual filing date) when comparing two confusing and co-pending applications in order to determine which one will be published for opposition purposes in the *Trade-marks Journal* and which one will be rejected.

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This practice by the Registrar resulted in preferential treatment being given to a an application alleging a date of first use which was earlier than the filing date of a prior application based on proposed use; the later filed application was thus allowed to publication for opposition purposes while the proposed use application that was filed first was rejected.

Paragraph 37(1)(c) of the *Trade-marks Act* which describes the Registrar's jurisdiction at the examination stage reads as follows: "The Registrar shall refuse an application for the registration of a trade-mark if he is satisfied that ... the applicant is not the person entitled to registration of the trade-mark because it is confusing with another trade-mark for the registration of which an application is pending".

What the Court decided

In its decision handed down on May 10, 2005, the Federal Court of Appeal confirms that the Registrar does not have any authority to consider allegations of use when considering trade-mark applications under paragraph 37(1)(c). Thus, contrary to its practice for the last fifty years, the Registrar will now examine applications in chronological order, beginning with the one that has the earliest date of filing to determine if there is no confusion with a mark that is pending when the application is filed, and if all the other requirements of section 37 are fulfilled; if such is the case, the application will then be accepted for advertisement by the Registrar and any third party who claims previous use of a confusingly similar trade-mark may file a statement of opposition under section 38 of the *Trade-marks Act*. This "first come, first served" policy appeared to the Court to be more logical and easier to apply than the one followed by the Registrar.

The Registrar tried to justify its fifty-year-old practice by relying on the weight that should be given to any previous use in the protection of trade-marks since use is a linchpin in the acquisition, maintenance and enforcement of trade-mark rights. However, as mentioned by Mr. Justice Décaré, this principle is not offended by forcing a second applicant who claims previous use of a confusingly similar trade-mark on the strength of a mere allegation to resort to opposition proceedings in order to establish, with more elaborate evidence, his right to registration on the basis of such previous use.

What it now means...

The most important consequence of this decision is that the Registrar no longer gives any preferential treatment to trade-mark applications filed on the basis of any alleged use; all trade-mark applications, whether filed on the basis of use or proposed use, are now treated on the same footing. That is

why *all* trade-mark applications should now be filed as soon as possible in order to benefit from the "first come, first served" policy.

It is now time for full disclosure: the author of this article represented Effigi Inc. both before the Federal Court and the Federal Court of Appeal. With this important change, proposed use applications will no longer be rejected because of a subsequently filed application alleging previous use.

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