DATES OF FIRST USE NO LONGER A CONSIDERATION DURING THE EXAMINATION PROCESS, FEDERAL COURT OF APPEAL RULES

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The Federal Court of Appeal of Canada recently rendered a decision whereby it was decided that the alleged dates of first use in two pending applications were not a pertinent consideration when determining the applicability of paragraph 37(1)(c) of the *Trade-marks Act* (*Unitel International Inc. vs. The Registrar of Trade-Marks,* A-83-99, September 28th, 2000, Rothstein, J.A.).

The Facts

On June 14th, 1990, the Appellant, Unitel International Inc. ("Unitel") filed an application in Canada to register the trade-mark UNITEL in association with radio telecommunication equipment and repair and maintenance services related therewith, on the basis of use in Canada since at least as early as July 8th, 1985.

On February 25th, 1991, an Examiner issued a report submitting that the Appellant was not the person entitled to registration of the UNITEL trade-mark since its alleged date of first use in Canada, (July 8th, 1985) post-dated the date of first use alleged in a co-pending and confusingly similar application for the trade-mark UNITEL, in association with telecommunication services, filed in the name of Télécommunications Canadien Pacifique Inc., on the basis of use in Canada since as early as September 1977.

The UNITEL trade-mark in the name of Télécommunications Canadien Pacifique Inc. was published in 1992 and subsequently opposed by the Appellant. During the course of this opposition, the Appellant's trade-mark was suspended based on repeated requests for extensions of time to respond to the outstanding examiner's report.

The Registrar's Decision

On May 5th, 1998, the Registrar refused the application for the Appellant's trade-mark based on paragraph 37(1)(c) which 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."

In his decision, the Registrar stated that during the examination process, the practice is to treat claimed dates of first use as accurate. Parties seeking to challenge dates of first use must either resort to opposition proceedings or court proceedings.

The Federal Court Trial Division Decision

The Appellant filed an appeal of the Registrar's decision to the Federal Court Trial Division requesting an order of *mandamus* to direct the Registrar to advertise its trade-mark. The only issue raised by the Appellant was whether the Registrar owes an applicant a duty to have its application published for opposition purposes prior to satisfying himself, in accordance with paragraph 37(1)(c) of the *Act*, 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."

On January 15th, 1999, the Federal Court Trial Division dismissed the Appellant's appeal. Justice Pinard stated that the Registrar had fully complied with the requirements of subsection 37(2) of the *Act*, had considered the Appellant's objections and based on the information submitted in the two applications at issue relating to the alleged dates of first use, the Registrar had properly refused the Appellant's trade-mark application based on his satisfaction that the latter was not the person entitled to the registration of the UNITEL trade-mark.

The Federal Court of Appeal Decision

The Appellant appealed the decision rendered by the Federal Court Trial Division. The only issue on appeal was whether or not the Registrar committed an error by rejecting the Appellant's trade-mark application in accordance with paragraph 37(1)(c) of the *Act.*

The Federal Court of Appeal dismissed the appeal. It ruled that the Registrar was obliged to refuse the Appellant's trade-mark application under paragraph 37(1)(c) of the *Act* in light of the circumstances, namely that the Appellant's trade-mark was confusingly similar with another pending trade-mark application.

In rendering its decision, the Court of Appeal further stated that dates of first use are not a relevant consideration under paragraph 37(1)(c) and that any decision to refuse an application under this paragraph is based on whether there is confusion between an applicant's trade-mark and a trade-mark for which an application for registration is already pending.

> **"In their reasons, the Registrar and the Trial Judge referred to the alleged dates of first use in the two applications. We would observe that the dates of first use are not a relevant consideration under paragraph 37(1)(c). The only issue is whether there is confusion between an applicant's trade-mark and a trade-mark for which an application for registration is already pending."**

It is worth noting that this point was not specifically before the Court of Appeal and as such may be considered as an *obiter dictum*. However, the Court of Appeal's comments setting aside dates of first use as a consideration under paragraph 37(1)(c) have been taken under serious advisement by the Canadian Trade-Marks Office especially in view of the following comment made by the Federal Court of Appeal:

> **"The appellant seems to be concerned that the procedure under paragraph 37(1)(c) leads to delay and a multiplicity of proceedings. If this is so, the remedy lies with Parliament and not the Court."**

A new administrative practice notice has been drafted based on the *Unitel* decision. Basically, it outlines the guidelines to be adopted by the Registrar *during the examination process*: "…the Registrar will no longer consider the dates of first use or making known as a relevant consideration under paragraph 37(1)(c) of the *Act*. Therefore, when pending marks are confusing, the applicant with the earlier filing date or priority filing date will be considered to be the person entitled to registration of the trade-mark".

It must be noted that this practice notice would be applicable *only during the examination process* and that an applicant for the registration of a trade-mark may challenge the date of first use alleged in a pending application or the entitlement issue during an opposition proceeding. Interestingly enough, on September 15th, 1999, in a parallel matter, the Registrar granted the

Appellant's opposition against the UNITEL trade-mark based in part, on the falsity of the claimed date of first use by the applicant.

Undoubtedly, the Court of Appeal's ruling along with the Trade-Marks Office proposal to follow same has stirred controversy amongst many trade-mark practitioners. However, for the time being, unless the Trade-Marks Office changes its stance, from a practical point of view, the most salient point to be made to trade-mark practitioners is that it is crucial to file trade-mark applications upon receipt without delay, regardless of the relied upon basis for filing claimed in the application.

Contrary to previous practice, one must not solely accord priority to applications based on use and registration abroad and proposed use. Trade-mark practitioners should now adopt a new approach by processing *all* trade-mark applications rapidly *without consideration of the basis for filing.*

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