

ALLEGED USE NO LONGER A RELEVANT CONSIDERATION WHEN EXAMINING A TRADE-MARK APPLICATION, RULES FEDERAL COURT OF APPEAL IN EFFIGI CASE

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In an important decision that changes the rules of the game regarding the filing of trade-mark applications in Canada, Canada's Federal Court of Appeal, in *Attorney General of Canada v. Effigi Inc.*, 2005 FCA 172 (F.C.A., Décary, Létourneau and Pelletier JJ.A.) confirmed an earlier decision of the Federal Court (*Effigi Inc. v. Attorney General of Canada* (2004), 35 C.P.R. (4th) 307 (F.C., Shore J.)) which had ruled that the Registrar cannot refuse an application on the basis that it is confusing with another application filed at a later date, but alleging an earlier date of first use; in other words, at the examination stage, allegations of use are not a relevant consideration to determine entitlement.

Ever since the adoption of Canada's current *Trade-marks Act*, R.S.C. 1985, c. T-13 (the "Act") back on July 1, 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. This practice resulted in preferential treatment being given to a later filed application alleging a date of first use which was earlier than the filing date of a first filed proposed use application; the later filed application was thus the one allowed to publication for opposition purposes.

It is in the context of this practice that on December 19, 2000, Effigi Inc. (hereafter "Effigi") filed an application to register the trade-mark MAISON UNGAVA on the basis of proposed use of this trade-mark in Canada in association with bedding products. Exactly ten (10) months later, on October

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19, 2001, while Effigi's application had still not been examined by the Trade-marks Office, another company, Tricorn Investments Canada Ltd. (hereafter "Tricorn"), filed an application to register the trade-mark UNGAVA in association with similar wares on the basis of an allegation of use of the trade-mark in Canada since October 1981.

On May 2, 2002, more than sixteen (16) months after the filing of its MAISON UNGAVA trade-mark, Effigi received a first Examiner's Report which objected to its registration because of the later filed (but allegedly previously used) UNGAVA trade-mark, on the basis of a combined application of sections 37 and 16 of the *Trade-marks Act*.

Section 37 which allows the Registrar to reject an application at the examination stage provides in part:

- 37.** (1) The Registrar shall refuse an application for the registration of a trade-mark if he is satisfied that
- (a) the application does not conform to the requirements of section 30,
 - (b) the trade-mark is not registrable, or
 - (c) 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,
- and where the Registrar is not so satisfied, he shall cause the application to be advertised in the manner prescribed.

For its part, section 16 which describes when a person is entitled to register a mark (and is referred to in contested judicial or administrative proceedings, when two or more parties claim entitlement to a mark) provides in part:

- 16.** (3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with
- (a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;
 - (b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or
 - (c) a trade-name that had been previously used in Canada by any other person.
- 16.** (4) The right of an applicant to secure registration of a registrable trade-mark is not affected by the previous filing of an application for registration of a confusing trade-mark by another person, unless the

application for registration of the confusing trade-mark was pending at the date of advertisement of the applicant's application in accordance with section 37.

In its response to the Examiner, Effigi argued that any alleged date of first use mentioned in an application is not a relevant consideration when applying paragraph 37(1)(c) of the Act. Moreover, according to Effigi, section 16 should be properly restricted to adversarial proceedings i.e. opposition proceedings under section 38 of the Act and judicial expungement proceedings under section 18 of the Act. Unfortunately for Effigi, the Registrar discarded all of its arguments and rejected the MAISON UNGAVA application on November 14, 2003.

Effigi appealed the Registrar's decision before the Federal Court where it submitted that the Registrar erred in Law in referring to subsection 16(3) of the Act to interpret paragraph 37(1)(c) and thereafter to reject its application at the examination stage. In effect, Effigi was arguing that the Registrar's fifty (50) year old practice to determine entitlement at the examination stage did not respect Parliament's intent: As the Registrar has no inherent powers, his jurisdiction can only be determined by reference to the Act. As section 37 grants the Registrar authority to decide, at the examination stage, to reject a trade-mark application only because it is confusing with another trade-mark for the registration of which an application is pending, any reference to an alleged date of first use in a co-pending application has no statutory basis. Since section 37 exhaustively describes the Registrar's jurisdiction at the examination stage, it is not necessary to rely on section 16 to determine when a person is entitled to registration under paragraph 37(1)(c).

On the other side, the Registrar (represented by the Attorney General of Canada) submitted that paragraph 37(1)(c) of the Act had to be interpreted in harmony with the rest of the Act where each word must be given its ordinary and grammatical meaning. The Registrar argued that it had to rely on subsection 16(3) which defines when a person is entitled to registration because the expression "person entitled to registration" was also mentioned in subsection 37(1) by Parliament. In the Registrar's view, as Parliament had included the notion of "person entitled to registration" in both sections 16 and 37, it had to have the same meaning throughout the Act. The Registrar also relied on the Trade-mark Law Revision Committee's Report of 1953 (concerning the then soon to be in force *Trade-marks Act*) and the testimony of one of its members, Mr. John Osborne, before the House of Commons' Standing Committee on Banking and Commerce, on April 28, 1953. According to the Registrar, Mr. Osborne had testified that section 37 should be interpreted by referring to section 16. Finally, the Registrar argued that the importance of "use" in Canadian Trade-mark Law justified the practice of

granting preference to an application subsequently filed but based on an earlier date of first use.

The Federal Court allowed Effigi's appeal and rejected the Registrar's long-standing practice. The Court considered that the language used by Parliament in section 16 revealed that it could only be applied *after* the examination process: Indeed, since subsection 16(4) indicates that the relevant date mentioned therein is the date of advertisement of an applicant's application, section 16 necessarily has to apply once the examination stage has been completed, the application published and an opposition initiated under section 38 of the Act. Therefore, there is no statutory authority allowing the Registrar to rely on section 16 when deciding to advertise or not a trade-mark application under section 37.

Moreover, the Court attributed very little weight to the testimony given by members of the Trade-mark Law Revision Committee before the House of Commons' Standing Committee on Banking and Commerce back in 1953, referring to the reasons of Mr. Justice Cory of the Supreme Court of Canada in *R. v. Heywood*, (1994) 3 S.C.R. 761, at pp. 787-788:

The admissibility of legislative debates to determine legislative intent in statutory construction is doubtful. (...) This Court has repeatedly held that legislative history is not admissible as proof of legislative intent in the construction of statutes. (...)

It is apparent that legislative history may be admissible for the more general purpose of showing the mischief Parliament was attempting to remedy with the legislation. (...)

Nonetheless there are persuasive reasons advanced which support the position that legislative history or debates are inadmissible as proof of legislative intent in statutory construction. Many of these same reasons are also put forward to demonstrate that such materials should be given little weight even in those cases where they are admitted. The main problem with the use of legislative history is its reliability. First, the intent of particular members of Parliament is not the same as the intent of the Parliament as a whole. Thus, it may be said that the corporate will of the legislature is only found in the text of provisions which are passed into law. (...)

As to the importance of use under Canadian Trade-mark Law, the Court agreed with Effigi that the examination stage was too early and incomplete a process to determine rights based on use. It agreed with Effigi's position that there is insufficient information, at the examination stage, to allow a

determination that a trade-mark has actually been used at a date of first use alleged in an application. This determination is better left for other forums where parties contesting alleged dates of first use can file evidence in support of their respective claims.

The Attorney General of Canada filed an appeal against Mr. Justice Shore's decision. In a unanimous decision handed down on May 10, 2005, the Federal Court of Appeal confirmed the lower Court decision. In its reasons, the Court confirmed that there is no statutory authority allowing the Registrar to refer to section 16 at the examination stage. Moreover, the Court noted that the Registrar's practice had the perverse effect of allowing administrative delays to affect a party's substantive rights, as was the case for Effigi whose application was only examined on May 2, 2002, several months after the filing of Tricorn's application on October 19, 2001. This was seen as clearly unjust. Mr. Justice Décary wrote for the Court:

(10) (...) In the normal course of things, the Registrar summarily examines the applications in chronological order, beginning with the one that has the earliest date of filing. If there is no confusion with a mark that is pending when the application is filed, and if the other requirements of subsection 37(1) are fulfilled, the application is accepted for advertisement by the Registrar and anyone who claims a previous use and confusion with his own mark may file a statement of opposition under section 38. But according to the practice currently followed by the Registrar, administrative delays, which are beyond the control of a first applicant, could force him to become an objector if a subsequent applicant were to appear with an allegation of confusion and previous use. At the hearing, counsel for the Registrar was unable to cite to us any disadvantage whatsoever that might result from a "first come, first served" policy in terms of administration of the Act.

(11) Counsel for the Registrar relies heavily on the weight that should be given to previous use in the protection of trade-marks. This consideration is not offended by forcing a second applicant who claims previous use on the strength of a mere allegation (see *Marineland Inc. v. Marine Wonderland and Animal Park Limited*, (1974) 2 F.C. 558, p. 567 per Cattanach J.) to resort to the opposition procedure in order to establish, on the basis of more elaborate evidence, his right to registration on the basis of a previous use.

It is now time for full disclosure: The author of this article represented Effigi both before the Federal Court and Federal Court of Appeal. One of the immediate effects of the Federal Court of Appeal's decision is that the Registrar has now modified its more than fifty (50) year old practice. In a notice published on

May 19, 2005, Canada's Trade-marks Office stated, *inter alia*: "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 (*Attorney General of Canada v. Effigi Inc.* (unreported, Neutral Citation: A-423-04)). Therefore, when pending marks are confusing, the applicant with the earlier filing date or priority date, will be considered to be the person entitled to registration of the trade-mark." This now means that *all* trade-mark applications in Canada, irrespective of use, should be filed as soon as possible, as applications will now be examined on a *first come, first served* basis; a later filed application will no longer be preferred over a first filed one, on the strength of a mere allegation of use. Debates as to actual use will be restricted to adversarial forums, such as the Opposition Board and the Federal Court, where rival claimants will be able to introduce evidence in support of their respective claims. If a second applicant has actually used its trade-mark prior to the filing date of a first proposed use applicant, this second applicant will now have to oppose the first applicant's trade-mark in Opposition proceedings during which reference to section 16 of the Act will be entirely appropriate.



