Trade-marks Office not following *Unitel* ruling

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You'll be relieved to know the trade-mark world will not be turned upside down after all.

A recent Federal Court of Appeal decision, Unitel International Inc. v. Canada (Registrar of Trade-marks), released September 28, 2001 (unreported, Docket A-83-99) caused quite a ruckus, by implying Canada's trade-mark system is a "first to file" system rather than a "first to use" system.

That meant the trade-marks office (TMO) would have had to overhaul procedures it has followed for decades, with profound implications for trade-mark law and practice.

In early March, the TMO took the unusual step of announcing it had decided to ignore the Unitel decision.

The case arose from two trade-mark applications to register UNITEL, filed in the early nineties by two different parties: Canadian Pacific Telecommunications (CP), and Unitel International Inc. (now AT& T Canada).

Of course, this kind of thing happens all the time. Two people file co-pending, confusing applications. The rules are clear, or at least, until Unitel, everyone thought they were clear. The application with the later claimed date of first use may not advance to advertisement, even if it has an earlier filing date. That is, it is the claimed date of first use that governs. The TMO takes the claimed date of first use at face value. Disagreements about whether a date of first use is right or not are for the Opposition Board to decide

So Unitel got a letter from the Trade-marks office saying its application could not proceed in view of CP's application, which had an earlier claimed date of first use.

Unitel sought judicial review, arguing the registrar of trade-marks should let its application be advertised anyway. But the registrar's refusal was upheld both in the Federal Court Trial Division and Federal Court of Appeal.

Normally, the appeal would not have attracted much attention, particularly since the registrar won.

But two sentences in Mr. Marshall Justice Rothstein's brief oral reasons dismissing Unitel's appeal went beyond the issues at hand, and seemed to say the registrar's general practice was wrong: "We observe that the dates of first use are not a relevant consideration under [the relevant section of the Trade-marks Act]. The only issue is whether there is confusion between an applicant's trade-mark and a trade-mark for which an application is already pending."

That is, the court seemed to be saying, it is the date of filing, not the date of first use that should govern. This is a big change, approximately the trade-mark equivalent of a court saying all cars must now drive on the left side of the road.

The Trade-marks office initially considered itself bound by Unitel. It therefore produced an internal draft of a Practice Direction saying that, in view of the decision, it was going to change its procedures. Where there were co-pending, confusing applications, the application with the earlier date of filing would now advance to advertisement, even if it had a later date of first use.

But when the draft notice went before an advisory committee of lawyers and agents who deal with the trade-marks office, there was consternation. The draft practice direction appeared to be at odds with section 16 of the Act, dealing with entitlement. Things had never been done that way. What about existing applications in the system? The practical implications were far-reaching.

"There was a significant amount of confusion. A lot of people were trying to figure out what the decision meant," Lisa Power, Assistant Director of the trade-marks branch of the Canadian Intellectual Property Office told me.

Finally, after much discussion and debate, the trade-marks office decided to ignore the case. "We decided not to follow Unitel in the end," says Power. "The relevant part of the ruling was an obiter comment, made orally. It was a kind of off-hand remark, it seemed. There was no detailed discussion of s. 37(1)(c) and s. 16 of the Act. As well, on the facts, the registrar's existing practice had been upheld."

The trade-marks office issued a brief Practice Notice "Entitlement - Confusing Marks," date March 7, 2001, stating it reviewed the Unitel case, "and has concluded that no changes are required to the current practice with respect to paragraph 37(1)(c) and section 16 of the Trade-marks Act."

Rumour has it that Mr. Justice Rothstein has also let various people know informally that his comments were taken out of context, and he did not intend them to cause such a furor.

So life has returned to normal. At least one intellectual property lawyer I know was disappointed; changing to a first to file system would have been great for lawyers because there would have been so much litigation.

Which is probably true, but life is full of these disappointments.