Consultation on the Amendments
to the *Trade-marks Regulations* 2014

Submission to the Canadian Intellectual Property Office
Part 1 of 2: Overview

November 28, 2014
Proposed Amendments to the *Trade-marks Regulations 2014*

The Intellectual Property Institute of Canada (IPIC) is the professional association of trademark agents, patent agents and lawyers practicing in all areas of intellectual property law. Our membership totals over 1,700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members’ clients include virtually all Canadian businesses, universities and other institutions that have an interest in intellectual property in Canada or elsewhere, and also foreign companies who hold intellectual property rights in Canada.

We thank CIPO for inviting IPIC to comment on, and provide suggestions relating to the Discussion Paper. This submission compiles comments and recommendations from members of our trademarks committees. Their comments were key to the formulation of the IPIC response, edited and approved by IPIC’s governing Council.

For ease of reference, we have prepared a chart outlining certain provisions of the Discussion Paper with IPIC’s corresponding comments in Part 2 of our submission. In this Part 1 of the submission, we provide below an overview of six areas of particular concern expressed by members of IPIC as well as Canadian SMEs. These representatives are common stakeholders of CIPO and IPIC who use the registration system in Canada. We would be pleased to discuss these further with CIPO at any time.

The six areas are as follows:

- information on the fee structure as it impacts both the national and the Madrid registration systems
- additional information on the implementation of the Madrid application system and its impact on the national system
- inclusion of some form of use statements in the registration process, and, thereafter, possible proactive use by CIPO of section 45
- additional understanding of the case management process
- explanation for the relevance in introducing third party communications at the application prosecution stage
- continued inclusion of the current use and other related information on the register
We will review each in more detail.

Fee Structure

It is difficult to assess the impact of the proposed changes to the Trade-marks Regulations for applicants (both domestic and foreign), without knowing the fee structure. We understand from CIPO that this important issue is expected to form the basis of a subsequent Discussion Paper and consultation. CIPO also asked for feedback from IPIC on this particular point in October. We welcome these discussions as IPIC considers the fee structure to form a fundamental part of how the Trade-marks Regulations will be implemented.

In the meantime, IPIC believes that fees will need to be increased and/or a fee per class will need to be put in place to address an expansion of CIPO’s current workforce to deal with the implementation of the treaties and the resulting effect on the registration processes. It also feels that there should be some increased form of payment, to reduce the abuse of multiple class filings or possibly bad faith filings. IPIC also expects that additional fees will be required for the Madrid application filings. To provide a thoughtful assessment of proposed changes to the Regulations, IPIC must first understand the nature of the financial impact. In this way, IPIC and its members can convey and discuss these concerns with businesses (in Canada and abroad) who may wish to utilize the Madrid system for the benefits it can provide. We look forward to the opportunity to have those further discussions with CIPO.

Madrid Implementation

The Madrid Protocol is a very detailed system. There are positions that Member Countries can take under the Protocol which may protect the interests of their applicants and registrants. It is not clear that these positions have been carefully considered. As one example, under assignment, the International Bureau notifies the National Office of changes to title. Canada can reserve the right not to record such changes if it would affect the distinctiveness of the marks on the register. We believe that drafting these sections requires much more careful consideration and consultation. In that regard, we point to the Alan Troicuk paper on Legal and Technical Implications of Canadian Adherence to the Madrid Protocol where many of these points are discussed. CIPO has been willing to hold additional discussions with IPIC on points such as section 45 and case management. We would also ask to be involved very early in the discussion on the specific regulation wording, and, if at all possible, before publication in the Official Gazette. We understand that the consultation period after publication is likely 75 days, given the
international nature of these regulations, but we would still welcome consultation before publication.

Use

While we recognize that the amendments to the Trade-marks Act no longer require a trademark owner to file a declaration of use before obtaining a registration, IPIC notes the concern expressed by many of its members that this change fundamentally alters Canadian trademark practice. As we have stated in previous submissions to CIPO, we feel that eliminating this requirement could lead to substantial “deadwood” on the register and degrades the overall quality of the register, making it hard to evaluate the relative strength of an owner’s trademark rights.

The Regulations could and should mitigate some of the negative effects which flow from the elimination of the requirement to file a declaration of use. IPIC’s recommendations are as follows:

1. IPIC recommends that the Regulations include as a filing requirement either a declaration of intention to use the trademark or a declaration of actual use in Canada, as permitted under the Singapore Treaty.

2. IPIC recommends the adoption of a voluntary statement of use, at application or before registration which could be filed with the Trademarks Office regardless of whether such information is placed on the public register. This information would then be accessible as part of the official file.

3. If CIPO will not consider these options prior to registration, a post-registration Declaration of Use requirement initiated by the Registrar would assist to some extent to address issues of deadwood, and the costs and time associated with brand owners initiating Section 45 summary cancellation proceedings against those trademarks, in particular, which have been filed in “bad faith”, after registration.

4. Another mechanism that CIPO could use to mitigate the elimination of the declaration of use is setting fees based on the presence or absence of a voluntary statement of use.

One aspect which may assist in dealing with “deadwood” is proactive use of section 45 of the Act to ensure that registered marks are in use. We welcome CIPO’s invitation to a discussion on
this issue, considering such options as sending these notices automatically at a certain defined time, for example, after three years, or at renewal, or sending such notices selectively, at the instigation of the Registrar, or at the request of third parties, or under certain specified circumstances. We look forward to the opportunity to review this in more detail with CIPO.

**Case Management Process**

We want to ensure that, by adopting a case management system, additional complications are not being created. It may be that the instances where the system comes into play are limited, such as multiple oppositions involving the same parties and related trade-marks. As a result, we recommend changes to the proposed Trade-marks Regulations to clarify the circumstances which may be contemplated by this provision. IPIC notes that the current opposition and cancellation proceedings have strict, numerous and prescribed due dates. The proposal for case management may be applicable in certain circumstances, but IPIC looks for clarification about those circumstances. CIPO has agreed to more detailed discussions with IPIC on the case management issue. IPIC welcomes the opportunity to participate in these discussions.

**Third Party Communications During Prosecution**

CIPO has advised that many of the proposed amendments to the Act and Regulations have been made with a view to assist applicants with a more cost effective and expeditious process and to meeting timelines for Madrid. By permitting third party communications during prosecution, IPIC believes CIPO will find that third parties will include information and material that could require additional office actions and replies. It is not clear how many office actions may need to be issued and/or replies filed to address information or materials filed by other third parties as well as timelines necessary to respond by one or both parties.

An indication should be provided in the Regulations as to what type of information/ materials/ documents or sources will be considered by CIPO and those that will not, in view of CIPO’s very broad discretion to assess the inherent distinctiveness of trademarks (see 32(1)(b) and 37(1)(b) of the amended TMA).

Further, the proposal to allow for third party submissions may require additional time and resources for examiners to be trained to determine the relevance and reliability of the evidence submitted by these third parties.

IPIC believes registrability issues raised by third parties should be done during opposition proceedings where all relevant issues, evidence, etc. can be more fully explored. It may be raised that opposition proceedings may be more expensive, depending on the length and extent of the evidence submitted by third parties. However, because IPIC is unaware of the nature of the process CIPO contemplates in raising and allowing response to third party communications, IPIC believes that this process could well be time consuming and expensive and further could be
used strategically by the third party to delay a registration. The parties may end up in an opposition in any event. At opposition, other options are available, such as appropriate evidence, co-existence, consent or settlement discussions and agreements which are not applicable to examination.

Again, our concern is a further delay in the prosecution of an application and the specific nature of what “pertinent communications” mean. If the communications are deemed not pertinent, we are also unclear as to what happens to the communications. In other words, there is insufficient information to determine whether these communications, pertinent or not, form a part of the official record of the file.

**Register**

The current information of the register includes details of use and of other relevant information such as third party consents, foreign registrations relied on, and territorial restrictions. We do not believe that the online portion of the register should be purged of this information. We would strongly urge that this information remain and that any additional information provided by applicants on the applicants’ filing declaration of proposed use or use also be made part of the register or part of the official file.

We appreciate the opportunity to provide these comments and look forward to further dialogue with CIPO in this regard.