

Attention *User Fees Act*: Fee-for-service proposal - Trademarks and Patents

Canadian Intellectual Property Office
Innovation, Science and Economic Development Canada

Dear Sirs:

Re: Submission in Response to the Consultation entitled,
"Fee-for-Service Proposal – Trademarks and Patents" published June 6, 2016

I write on behalf of the lawyers and patent and trademark agents of my firm, Borden Ladner Gervais LLP (BLG) with respect to the above Consultation.

As you may know, BLG is a Canadian law firm with more than 725 lawyers, intellectual property agents and other professional with offices in Vancouver, Calgary, Toronto, Ottawa and Montreal.

Our intellectual property practice goes back six generations and our current BLG lawyers and agents have contributed their time and expertise extensively in responding to the myriad consultations which form part of the ongoing process to modernize Canada's intellectual property laws, regulations and Canadian Intellectual Property Office practices.

We thank you for the opportunity to comment on the Fee-for-Service Proposal. Please find below the comments prepared by our IP group (these are meant as comments and should not be construed as a "complaint" as defined under the User Fees Act (UFA)).

We welcome any questions or comments you may have in respect of our submission.

BLG's comments on User Fees Act: Fee-for-service proposal - Trademarks and Patents

GENERAL COMMENTS

We have reviewed the *Fee-for-Service Proposal – Trademarks and Patents*. We have also reviewed the *User Fees Act (UFA)* and consulted Government of Canada website links which set out a *UFA* flow-chart and provide guidance on the imposition of Federal regulations. Those links are immediately below.

<https://www.tbs-sct.gc.ca/hgw-cgf/finances/ggs-lddg/uf-fu/pf-og1-eng.asp>

<http://www.tbs-sct.gc.ca/hgw-cgf/priorities-priorites/rtrap-parfa/guides/gfrpg-gperf/gfrpg-gperf02-eng.asp#t23>

We believe that the fee proposal in respect of trademarks must be read in tandem with CIPO's 2014 Consultation entitled *"Proposed Amendments to the Trade-marks Regulations 2014"*, which can be found at the link immediately below.

https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr03851.html

PATENTS

We are satisfied with the proposed changes with respect to patent fees and have no comments specific to that portion of the Consultation.

TRADEMARKS

We are satisfied with the specific fee proposals addressed in the Consultation, that is, in respect of merging the application and registration fees, per-class fees for Nice classification at time of filing and the increase in the renewal fee together with the imposition of per-class renewal fees.

However, we would not be supportive of a system where an initial fee covers three classes with a charge for each class thereafter. CIPO is aware that this is the former fee regime imposed for the European Union trademark registration system and, over time, it revealed itself as problematic. Under that regime, applicants were encouraged to cover unnecessary classes, leading to costly and time-consuming examination and opposition problems. We would not wish to see the same problems created (at least without an off-setting benefit) in the Canadian trademark system.

We propose that CIPO provide clarity with respect to the following items:

1. Timing of Imposition of Mandatory NICE Classification and Payment of Fees

The timing of the coming into force of mandatory fees-per-class under Nice classification practice appears uncertain.

The current Consultation states:

“This fee proposal will be implemented as part of a larger regulatory amendment process and as such, will only come into force when the changes to the *Trade-marks Regulations* are approved. Until that time, the current fee structure will remain in place.”

The 2014 CIPO consultation on Trademark Regulations states at Part 4:

“It is the intention of the Registrar that the new regulations will come into force 30 days after the day on which they are registered.”

Does this mean that new regulations, including mandatory classification and payment of fees under Nice could come into force prior to the coming into force of the amendments to the *Trademarks Act*?

That is, will applicants, registrants and other CIPO clients and service users be required to act under Nice even though Canada may not yet have signed onto the *Nice Agreement*?

While significant practice changes under the *Nice Agreement*, as well as the *Madrid Protocol* and the *Singapore Treaty* are anticipated, delays in the upgrading of CIPO's electronic recordkeeping systems have repeatedly pushed back the date of coming into force of all aspects of changes in practice under

these treaties. This has made it difficult for CIPO's clients and service users to implement changes to their own recordkeeping systems.

We propose that adequate time must be given to allow CIPO clients and service users to make adjustments to practice and recordkeeping systems prior the coming into force of practice under the Treaties. A minimum of one year prior to coming into force of all changes under the *Act, Regulations* and CIPO practice should be provided.

2. CIPO's Method of Seeking Payment of Missing Fees

CIPO will not issue a filing receipt if an application is not in order including with respect to payment of the filing fee.

Under NICE classification, if CIPO decides upon receipt of an application that inadequate class fees have been received will CIPO refused to issue a filing receipt and, therefore, not grant a filing date to the application?

In such circumstances, we propose that CIPO consider issuing a notice at the Formalities stage (receipt of application) calling for the outstanding fees while preserving the filing date or follow the methodology of the United States Patent and Trademarks Office (USPTO).

Where inadequate fees have been paid for a multi-class trademark application, the USPTO grants the filing date and an Examiner will issue an office action that, amongst any other concerns, will point out the need for payment of additional class fees.

We do not propose, however, that CIPO grant a filing date and issue a filing receipt for any application for which no fee has been received by CIPO.

3. Refund Practice before the Trademarks Office as may apply to Nice Classification

Many of CIPO's clients and service providers maintain deposit accounts with CIPO to enable the payment of fees due in respect of various actions before the Trademarks Office. Others pay fees on an as-needed basis by other means, typically by credit card utilizing CIPO's online payment system.

The Trademarks Office does provide refund of fees in certain circumstances and requires that refund requests be made in writing. CIPO's website provides no particular guidance in respect of what fees are subject to refund. <https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr03058.html>

As an example of when refunds are likely to be granted, CIPO may mistakenly extract fee payment twice from a deposit account, upon filing of a new application.

Another example is that CIPO may mistakenly extract a fee from a deposit account in support of an extension request where no fee is actually required.

Upon written request CIPO typically reverses such mistaken fee extractions.

We are not aware of CIPO having commented on possible refunds that may arise under Nice practice.

Section 30(4) of the *Trademarks Act*, which is not yet in force, states the following:

30. Requirements for application:

(4) Disagreement – Any question arising as to the class within which any goods or services are to be grouped shall be determined by the Registrar, whose determination is no subject to appeal.

Nice practice will require applicants to pay a fee per class of goods upon application. Renewal of registration will require payment of a renewal fee as well as a fee for each class of goods or services for which the registration is being renewed.

It is not stated whether CIPO will refund overpayment of class fees, including where:

- a) CIPO may extract additional fees in error.
- b) During examination of a new trademark application, CIPO may consolidate goods or services into a lesser number of classes than claimed by the applicant at the time an application was filed.
- c) Over time, goods or services have been recategorized in the Nice system, for example, as the changing nature and prominence of business services overwhelmed the early class structure for services. Such changes are rare but could lead to a registration being renewed for a certain number of classes only to have CIPO recategorize the goods or services into a lesser number of classes upon receipt of the renewal fee.

Given that Section 30(4) of the *TMA* will provide CIPO with the final word on “*any question arising*” as to the classification of goods or services under Nice, we propose that CIPO should provide guidance about any refund practices available under Nice practices.

Such guidance should include whether refunds are available should an applicant or registrant pay excess fees in error, or Trademarks Office examination practice change, or a change in Nice practice causes reclassification into a lesser number of classes.

4. Division Applications and Merger of Registrations

Amendments to the *TMA* not yet in force will allow for division of trademark applications. The amending sections as well as CIPO’s 2014 Consultation in respect of changes to the Trademark Regulations clearly refer to fees being payable in respect of the division of applications.

In the 2014 Consultation, under a section headed “*Merger of Divided Applications*”, CIPO actually addresses merger of registrations.

The fee proposal addressed in this submission is silent on fees with respect of division of applications and merger of registrations (or applications). We assume there is no reference to new fees because the *UFA* addresses changes to existing fees and not the implementation of new fees.

We propose that CIPO should notify the public, preferably by way of consultation, as to what additional fees it will bring into force, including with respect to the division of applications and merger of registrations (or applications).

5. Geographic Indications, Responsible Agencies and Fees

Canada will almost certainly require new legislation to bring the *TMA* into conformity with the Trans-Pacific Partnership Agreement (TPP), published on November 5, 2015 but not yet ratified, including by Canada.

The fee proposal addressed in our submissions today is silent in respect of GIs.

We note that CIPO currently imposes a fee of \$450.00 for each request for entry of a GI on the list maintained pursuant to Section 11.12 of the *TMA*.

We assume that the current fee proposal is silent on GIs because Canada has not yet ratified the TPP.

It is clear from our study of the TPP as it applies to GIs that extensive study will be required prior to the tabling of legislation in respect of the TPP's requirements for recognition and protection of GIs.

Among other things it is not clear that CIPO alone would have carriage of the requirements imposed by CIPO. Other government agencies, including possibly those outside of Innovation, Science and Economic Development Canada may hold sway over recognition, protection and even revocation of GIs in Canada in the future. If that is the case, despite the fact that CIPO already has a fee in place for GIs, it is not clear that *UFA* would apply to any change to that fee because Section 3(2) of *UFA* does not appear to apply to fee that might be imposed by another agency, as below:

Application

User Fees

3 (1) This Act applies to all user fees fixed by a regulating authority.

Interdepartmental fees

(2) This Act does not apply to a user fee fixed by one regulating authority and charged to another.

The requirements of the TPP in respect of GIs will require extensive study prior to the drafting of legislation to amend the *TMA* or any other Act of Parliament that may be necessary to bring the GI requirements under the TPP into force. We explored the implications of the TPP requirements for Canada in respect of Geographic Indications (GIs) in a paper entitled "Canadian trademark law: is it impacted by the Trans-Pacific Partnership Agreement?" published November 19, 2015. This paper may be helpful; it can be found at the following link:

http://www.blg.com/en/newsandpublications/publication_4307

We propose that any government agency or department, including Innovation, Science and Economic Development Canada and CIPO, allow extensive time for consultation in respect of GIs. The nature of GI protection imposed under the TPP is vast and will considerably impact rights and protections for trademarks in Canada. A minimum of one year should be allowed for consultations addressing changes to GI recognition and protection in Canada regardless of which statute bears the changes and when and to whom fees will be paid.

6. *Collective Trademarks and Possible New Fees*

Article 18.19 of the TPP requires that members provide for collective marks and certification marks.

Currently, the *TMA* provides for registration of certification marks, which serve the purpose of identifying goods or services that meet a standard defined by the owner of the certification mark.

Neither the *TMA* nor its amending legislation not yet in force provides for collective marks.

In some jurisdictions, including Canada, the owner of the certification mark cannot use the mark. Instead, the owner licenses others to use the mark for goods or services which meet a defined standard.

Collective marks can be owned by any group or body operating co-operatively and the mark may be used by the owner of the collective mark.

Generally there are two types of collective marks:

- a mark used by members of a collective organization to indicate membership in the collective and signify that their goods or services are different from the goods and services of those who do not belong to the collective. For example, members of a professional guild may use a collective mark to signify that they have certain job skills and non-guild members may not; and
- a mark used by the collective itself to signal or publicize the interests of the collective. A typical example would be a trade union promoting the interests of its members.

The fee proposal addressed in this submission is silent on fees in respect of collective marks. We assume there is no reference to new fees because the *UFA* addresses changes to existing fees and not the implementation of new fees.

We propose that CIPO should notify the public, preferably by way of consultation, as to draft legislation or regulations in respect of collective marks, including with respect to fees it will bring into force.

7. *Additional Issues Requiring Consultation*

The TPP alone means that Parliament will have to turn its attention to further changes to the *TMA* and *Regulations*.

The uncertain timing of ratification of the TPP should not, however, delay attention to longstanding vexations in Canadian trademark practice including:

- a) Imposing mandatory acceptance of co-existence agreements on CIPO as a useful means of resolving confusion objections made by CIPO examiners during examination of

trademark applications, where the parties themselves disagree with an examiner's position.

- b) Taking a fresh look at the benefits and implications of Section 9 of the *TMA*, which prohibits adoption without consent, of marks consisting of or resembling “*official marks*”, held by public authorities.

Further, and in consultation with the indigenous peoples of Canada and the Canadian public in general, Parliament could inquire into the merits of domestic protection for Traditional Knowledge and Traditional Cultural Expressions as may align with trademark protection, prior the release of a WIPO treaty text addressing Traditional Knowledge in the context of Intellectual Property.

A definition for Traditional Knowledge has not yet been agreed upon. The World Intellectual Property Office (WIPO) describes Traditional Knowledge as “*knowledge, know-how, skills and practices that are developed, sustained and passed on from generation to generation within a community, often forming part of its cultural or spiritual identity*”. WIPO is the United Nations agency which, among other things, administers the various IP treaties that Canada currently adheres to or will adhere to as required under the *2014 Economic Action Plan*.

Traditional knowledge in turn encompasses Traditional Cultural Expressions (TCEs), described by WIPO as denoting “*expressions of folklore*” which can arise in forms including “*music, dance, art, designs, names, signs and symbols, performances, ceremonies, architectural forms, handicrafts and narratives, or many other artistic or cultural expressions*”.

In closing, we thank you for the opportunity to comment on the Fee-for-Service Proposal including alerting us to the ability to make proposals under the *UFA*. We welcome any questions or comments you may have in respect of our submission. Please feel free to contact me by telephone or email if that would be helpful.

Yours truly,

Borden Ladner Gervais LLP



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