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Canadian Intellectual Property Office

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50 Victoria Street, room C-229
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Re: Consultations on Proposed Amendments to the Trademarks Regulations and Draft Practice Notices Pertaining to Proceedings before the Trademarks Opposition Board

We write to provide our comments on the Canadian Intellectual Property Office's *Proposed Amendments to the Trademarks Regulations and Draft Practice Notices pertaining to Proceedings before the Trademarks Opposition Board*. We have divided our comments into three sections: confidentiality orders, costs orders, and case management.

Please accept these comments as our personal views, which are not necessarily those of our firm or our firm's clients.

Confidentiality Orders

With regard to confidentiality orders, the Registrar should harmonize its practice with the Supreme Court, the Federal Court, and the provincial Superior Courts in intellectual property matters. We note the following with regard to the *Draft Practice Notice on Confidentiality Orders*.

- **Established Practice in IP Matters:** The Practice Notice suggests that confidentiality orders are exceptional, because they involve a departure from the open court principle. The implication is that such orders would only be rarely and exceptionally granted in administrative trademark proceedings before the Registrar. However, in intellectual property matters, confidentiality orders are not exceptional. Quite the contrary, when intellectual property is involved, such orders are routinely granted by the Supreme Court of Canada, the Federal Court, and provincial Superior Courts.

This can be seen from the following case citations:



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Juman v. Doucette, 2008 SCC 8, at para 23: "... the cases of exceptional prejudice, as in disputes about trade secrets or intellectual property, which have traditionally given rise to express confidentiality orders".

Casella Wines PTY Limited v. Constellation Brands Canada, Inc., 2015 FC 403 at para 13: "... [I]n most intellectual property cases confidentiality orders under *Federal Courts Rule 151* are almost always granted as a matter of course".

Phoenix Technology Services LP v. Braisher, 2007 ABQB 261, at para 12: "Confidentiality orders are not unusual in matters dealing with intellectual property and trade secrets, especially where there is a desire to protect the commercial, proprietary and scientific interests of parties where they are in direct competition."

Consequently, we recommend revising the Registrar's views on the rarity and exceptional nature of confidentiality orders. Such orders should not be rare nor exceptional in trademark proceedings, since these are a subset of intellectual property litigation, and IP litigation raises significant confidentiality issues more frequently than other types of litigation. There is thus every reason to believe that confidentiality orders will be needed often in trademark opposition proceedings before the Registrar.

The Registrar should thus follow the Federal Court's longstanding practice of granting such orders whenever the applicable legal test is met. There is no need to prove exceptional or special circumstances.

There is also another precedent to consider at the administrative level. Indeed, our experience is that the Copyright Board of Canada routinely issues confidentiality orders in virtually all of its contested proceedings. It does so because the Board is aware that the highly-sensitive information being exchanged in its proceedings is exceptional compared to typical litigation cases. Confidentiality orders thus remain rare at the justice system level, even though they are common in Copyright Board litigation.

- **Part IV.1.a:** In a similar vein, the Practice Notice indicates that the "Federal Court has previously found potential harm to a competitive position and negotiations with suppliers, customers, competitors and brand companies to not form a serious risk to a public interest" and cites *Pharmascience Inc. v Meda AB*, 2021 FC 1216. However, the cited *Pharmascience* case does not stand for this proposition. The Federal Court in *Pharmascience* did not hold that harm to a competitive position cannot justify granting a confidentiality order: Rather, the Federal Court only held that speculative evidence of competitive or economic harm was not enough to justify a confidentiality order:

Pharmascience Inc. v Meda AB, 2021 FC 1216, at para 23: "'Could' is not enough. A party seeking a confidentiality order at trial must establish that there is a real risk of harm that requires the Court to issue such an extraordinary measure."



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Rather, the correct state of the law is that economic or competitive harm is sufficient to justify a confidentiality order, as can be seen from the Supreme Court’s leading case on confidentiality orders:

Sierra Club of Canada v. Canada (Minister of Finance), 2002 SCC 41, at para 53:

“A confidentiality ... should only be granted when: (a) such an order is necessary in order to prevent a serious risk to an important interest, including a commercial interest, in the context of litigation because reasonably alternative measures will not prevent the risk; and (b) salutary effects of the confidentiality order, ... outweigh its deleterious effects ...”.

- **Confidentiality vis à vis the Parties:** The Practice Notice only discusses confidentiality orders as they relate to keeping information confidential from to the public. It does not address confidentiality as between the parties. This is an important omission, since often the parties to trademark cases are competitors. As a result, allowing competitors to access the information protected by the confidentiality order renders the entire exercise moot. If a leading soft drink manufacturer has to share its confidential business information with its archrival, the fact that the public has been excluded is of little comfort. The damage has already been done, because one’s main competitor has access to the information.

To address this problem, the Federal Court issues what are known as “counsel’s eyes only” confidentiality orders. Under these orders, a subset of confidential information can be designated as being for counsel’s eyes only. Only the Court, the party’s outside legal counsel, and expert witnesses are permitted to see this highly sensitive information. This enables the parties to exchange such information without fear of economic harm. Such orders are generally issued on consent, because both parties understand that sensitive business information should not circulate beyond outside counsel.

Even though the standard is high, such protective orders are frequently granted by the Federal Court:

- *Fluid Energy Group Ltd. v. Mud Master Drilling Fluid Services Ltd.*, 2020 FC 229.
- *Surewerx USA Inc. v. Dentec Safety Specialists Inc.*, 2022 FC 921.
- *Bauer Hockey Ltd v. Sport Maska Inc.*, 2020 CanLII 12654 (FC).
- *Richards Packaging Inc. v. Distrimed Inc.*, 2020 FC 1161

Indeed a “solicitor’s eyes only” designation is included in the Federal Court’s model protective order (*Janssen Pharmaceutica N.V. v. Apotex Inc.*, 2022 FC 1262 at para 10).

Counsel’s eyes only confidentiality orders are also commonplace before the Copyright Board of Canada (see the Board’s *Model Directive on Procedure*, which refers to such documents as “highly confidential”).



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Since the creation of a counsel’s eyes only designation is something that affects only the parties to the lawsuit, their consent should be enough to cause the Registrar to include such a provision in the confidentiality order. Of course, this assumes that the test for issuing a confidentiality order has already been met.

If contested, a “counsel’s eyes only” level of protection does require more justification than a standard confidentiality order ([Arkipelago Architecture Inc. v. Enghouse Systems Limited](#), 2018 FCA 192 at paras 9-12; [Del Ridge Homes Inc. v. Ledgemark Homes Inc.](#), 2022 FC 566), and typically requires showing a serious risk of competitive harm.

The Practice Notice should thus set out a practice that allows parties to jointly request the addition of a “counsel’s eyes only” provisions to the Registrar’s model confidentiality order. Without the benefit of a “counsel’s eyes only” order, the parties would be able to use highly sensitive information for purposes that could directly harm the economic interests of the disclosing party. This concern is salient in the context of trademark disputes, because as mentioned, the parties to such disputes are often direct competitors. Otherwise they would have little interest in starting trademark litigation.

Notably, documentary exchange during administrative trademarks proceedings is not a discovery process before the courts. There is therefore no implied undertaking rule to protect the parties. A confidentiality order represents the only means of protecting their legitimate privacy and security interests in the documents exchanged during an opposition or section 45 proceeding.

A “counsel’s eyes only” designation fits comfortably within the statutory authority granted to the Registrar. New section 45.1 of the *Trademarks Act* states that “[a] party to the proceeding under section 11.13, 38 or 45 may make a request to the Registrar, in accordance with the regulations, that some or all of the evidence they intend to submit to the Registrar be kept confidential.” Because protective orders are a subset of confidentiality orders, they fall within the scope of this provision.

- **Part IV.1.b:** According to the Practice Notice, the Registrar will consider whether reasonable alternative measures to confidentiality orders exist. The redaction of information contained in documents exchanged between the parties is specified as an example alternative measure. However, redactions should not be considered reasonable alternatives by the Registrar. The information subject to redactions is the type of information that would also likely be the most valuable in deciding the administrative trademark proceeding. For example, such information could include forward-looking business plans (to prove an intent regarding use or resumption of use of a mark), customer and retailer lists, sales figures, sales channel breakdowns, etc.

Redaction would either deny the Registrar access to such valuable information, or require that the providing party give up on producing relevant evidence. These outcomes are precisely what confidentiality orders are meant to avoid.

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Neither the Federal Court nor the Copyright Board uses the availability of redactions as a reason to deny confidentiality orders.

- **Part IV.1.c:** According to the Practice Notice, the Registrar will consider whether confidential information is required and/or relevant to the proceeding in determining whether to grant a confidentiality order. However, such early determinations are impractical. During the early phases of trademark proceedings, the Registrar would likely not have enough information and context to determine whether information is required or relevant. To make such a determination risks pre-judgement of a given case. Indeed, having the Registrar decide what evidence is “necessary” for a case at the outset of that case usurps the role of the parties in deciding whether a particular piece of evidence will be used as part of their case.

Nor do the parties necessarily know with certainty exactly what information will be disclosed during the proceeding. Affidavits or expert reports may not yet be drafted, documents may come into existence in the future, and questions during cross-examination may lead to disclosure of unexpected information and documents. Requiring the lawyers of each party to speak to relevance at such an early stage might sometimes require them to divulge their trial or cross-examination strategies, which is both unfair and unworkable.

For all of these reasons, it is not feasible for the Registrar to determine at an early stage what confidential information will be “necessary” for the case.

Indeed, we note that the Federal Court does not make such early determinations when deciding on confidentiality orders under the *Federal Courts Rules*, SOR/98-106. Nor does the Copyright Registrar. For both of these other institutions, the parties decide which evidence they will lead, and this decision does not affect the issuance of a confidentiality order.

- **Part VI.2:** Under the Practice Notice, parties are expected to submit two versions of each document subject to a confidentiality order: a public version, and a confidential version. This expectation presupposes that all documents can be subject to redaction. However, the very nature of certain documents may mean that they cannot be redacted without losing all of their evidentiary value. For example, an excel spreadsheet of confidential financial data may be effectively worthless once redacted, or a party’s confidentiality obligations may require it to keep the entirety of a contract confidential. The Practice Notice should allow for the designation of entire documents as confidential, rather than merely extracts of documents. In such cases, no public version should be required. This spares the parties the expense of preparing a “public” version of a document which is a waste of time, since the entire document would be redacted anyways.



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Costs Orders

We note the following with regard to the *Draft Practice Notice on Cost awards in proceedings under sections 11.13, 38 and 45 of the Trademarks Act*. The Registrar should clarify certain matters in the draft Practice Notice.

- **Part II.1:** The third paragraph of this part indicates that costs may be requested within 14 days after the end of the hearing or after the Registrar notifies the parties that a hearing is cancelled. However, this paragraph only refers to a circumstance in which “one party” requests a hearing. We believe that this paragraph should be clarified to include situations where both parties request a hearing.
- **Part II.3:** The first paragraph of this part specifies that requests for costs must be made on one single-sided, standard letter size page and may be accompanied by relevant supporting documentation. However, if multiple grounds are invoked for costs (and particularly if unreasonable conduct is involved), a request for costs will likely require a submission that is longer than one page in order to provide sufficient detail. We note that the provided sample form for a request for costs itself exceeds one page. We recommend that requests for costs be permitted to reach three or four pages.
- **Part II.3:** The second paragraph of this part enumerates certain grounds upon which the Registrar may award costs. Currently, the enumerated grounds do not include the circumstance in which, during the course of an administrative trademark cancellation proceeding based on section 45 of the *Trademarks Act*, RSC 1985, c T-13, the owner of a trademark requests an extension of time to file evidence and then does not file any evidence, simply to delay the proceedings. We believe this ground should be enumerated.

Case Management

We note the following with regard to the *Draft Practice Notice on Case management in proceedings under sections 11.13, 38 and 45 of the Trademarks Act*. The Registrar should address one specific and valuable use of case management that is not explicitly mentioned in the draft Practice Notice.

- **Addressing Abuses:** The Practice Notice does not explicitly address the potential use of case management as a tool to discipline parties who are abusive during the course of administrative trademark proceedings. For example, case management could be used as such a tool to address a party who is abusively unresponsive on cross-examination dates. While this type of behaviour would typically justify a cost award, case management could be used to address it in a more timely and punctual way.



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In closing, we would like to thank the Registrar for the chance to participate in this consultation.

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