



September 16, 2010

Darlene H. Carreau
Chair, Trade-marks Opposition Board
Canadian Intellectual Property Office (CIPO)
50 Victoria Street, Room 4012
Gatineau, QC K1A 0C9

Dear Ms. Carreau:

Re: Proposed Amendments to the Trade-marks Regulations Pertaining to Opposition Proceedings

I write on behalf of the Intellectual Property Law Section of the Canadian Bar Association (the CBA Section) to respond to the request for comments on the above referenced Pre-Consultation Notice.

The Canadian Bar Association is a national association representing over 37,000 jurists, including lawyers, notaries, law teachers and students across Canada. The CBA seeks to improve the law and to enhance the administration of justice. The CBA Section appreciates CIPO's willingness to seek input prior to the consultation period and its commitment to improving the opposition framework. The Section looks forward to working cooperatively with CIPO to create changes which will advance the interests of all stakeholders in the opposition process.

A. Introduction

As a starting point, the CBA Section believes that the current system, while not perfect, already provides participants with an effective and efficient process. The efficacy of the existing process is evident particularly from the quality of the decisions rendered. Most opposition decisions are not appealed to the Federal Court. Of those that are appealed, most opposition decisions are upheld. Any modernization, streamlining or simplification of the administration of the opposition process should be done carefully so as to not have a negative impact on the overall high quality of the current process.

It would be difficult to make the system any swifter than it now is without compromising the quality of the records upon which the decisions are based. As noted in the pre-consultation notice, oppositions are an important step in the trade-mark application process. The record before the Opposition Board will usually be the primary record before the Federal Court as well.

Any efforts to modernize, streamline and simplify the administration of the opposition process should include efforts to improve the timeline for issuing decisions. Current delays in issuing decisions are unacceptable. The 2010-11 CIPO Business Plan includes a commitment to issue a decision within 12 months upon referral for a non-hearing decision and within four months

following a hearing (and there is a commitment to schedule a hearing date with 14 months upon receipt of a request for a hearing). It is troubling that no steps appear to be taken to reduce the amount of time for a decision to be issued. Indeed, the CBA Section assumes that every request for leave takes away from the time available to issue decisions in oppositions. If that is the case, every effort should be made to reduce requests for leave so that more time is available to issue decisions on the merits in opposition.

It should be the goal of CIPO to have the average case ready for hearing within two years (leaving aside any cooling off period for purposes of settlement), and then there should be no more than a six month delay before a decision is issued. The question that should be addressed by CIPO is whether or not the proposed amendments assist in reaching that goal. The comparison of timelines (assuming no cross-examinations are conducted) shows the following:

Step	Current Deadline (absent consent)	New Deadline (absent consent)
Filing Statement of Opposition	2 months plus an additional 3 months	2 months plus an additional 3 months
Filing Counterstatement	2 months plus an additional 2 months	2 months plus an additional 2 months
Filing Opponent's evidence	4 months	4 months
Filing Applicant's evidence	4 months	4 months
Filing Reply evidence	1 month	N/A
Cross-examination	N/A	3 months
Written Submissions	1 month	6 months

* Absent consent

The proposed changes may well *increase* the time it takes to get a simple case ready for decision beyond two years, even where there is no cross-examination. That does not seem to be a reasonable result. Further, if the right to file reply evidence is removed, the end result may be to increase the number of requests for leave to file additional evidence. This increase would result in further delays to the process. The same might also happen at the written argument stage with a party seeking leave to file additional submissions. As noted below, whenever leave is requested from the Opposition Board, it will usually take a minimum of two months before a decision is granted. The CBA Section is concerned that the proposal may actually result in longer proceedings. Further, many extensions of time requested by parties at various stages of the proceeding are made in order to pursue settlement discussions. The majority of oppositions are settled at some point in the process. Based on statistics in the most recent CIPO Annual Report (2008-09), fully half of all oppositions filed are settled without going to decision. The CBA Section assumes that this does not include oppositions settled prior to filing a statement of opposition. This should remain a priority to give the parties the necessary time to settle oppositions.

The CBA Section would encourage CIPO to reconsider its current approach to the cooling off periods so that each party may request one cooling off period of up to nine months at any time in the proceeding. Right now, the cooling off period is limited to specific times contemplated in the Practice Notice. While the CBA Section appreciates that CIPO has to balance the interests of the parties and the public interest, the Section believes that CIPO should encourage the parties to seek a resolution of the opposition at any time where it becomes apparent that resolution is possible. Resolution is in both the interest of the parties and the public. By way of example, CIPO's discussion concerning cross-examination states:

Sequential filing of evidence by both parties (s. 41 and s. 42 of the Regulations) followed by a three month prescribed deadline for conducting both parties' cross-examinations would require parties to put their best evidence forward from the outset and may encourage settlement at an earlier stage of the proceedings.

This may be true, but the current approach to the cooling off process means that neither party would be able to invoke a cooling off period at this stage of the proceeding. This is counterproductive. Settlement should be encouraged at all times throughout the process, not just in a defined "cooling off period."

B. Challenges with the Current Opposition Process

With our general comments in mind, the comments below address some specific issues in the Pre-Consultation Notice. The Pre-Consultation Notice identifies challenges associated with the current opposition process, specifically cross-examinations, issuance of notices, filing of evidence and service, and complexity.

1. Cross-examinations

With respect to cross-examinations and filing and service of evidence, the CBA Section's comments are set forth below.

2. Issuance of Notices

The CBA Section agrees that requiring the Registrar to issue certain types of notices slows down the process. It would be preferable for deadlines or time limits to be fixed in the regulations. However, in eliminating the types of notices in question, CIPO will put a heavier onus on the parties to monitor deadlines. This may have a negative impact on parties who are not regularly involved in the opposition process. The end result may be an increase in missed deadlines with a corresponding increase in requests for retroactive extensions of time, which may result in a more significant draw on Opposition Board resources. As well, the more the parties have to deal with fixed deadlines, the more confusion for all stakeholders when there are requests for leave to file evidence, leave to file additional submissions, or for extensions of time (e.g. a request for an extension of time to complete cross-examinations).

3. Complexity

As this is a quasi-judicial process which could lead to a hearing in the Federal Court, the record produced before the Opposition Board must be of a high quality and comply with the appropriate evidentiary standards. This necessitates a certain degree of complexity.

C. Proposed Regulatory Amendments

1. Filing of Evidence and Service

Filing of Evidence Electronically with the Registrar

The CBA Section agrees that the Regulations should be amended to permit the common use of electronic transmission of documents, and that this would require deleting s. 3(9)(b) of the Regulations and amending the Correspondence Procedures practice notice to specify the acceptable means of electronic transmission. The CBA Section also agrees with the proposed wording of the revision to the Correspondence Procedures.

Service

The CBA Section agrees that s. 37(1) of the Regulations should be amended to simplify it and to allow parties more ability to serve their documents by electronic means. However, while parties should be allowed to serve by facsimile without consent all documents that do not exceed 25 pages, the Section questions why electronic transmission (i.e. via e-mail) would be permitted only with consent. The most common form of communication between the parties is e-mail. The most simple and direct form of service of a document would be via e-mail. To require consent before sending a document by e-mail slows down the process and serves no good purpose.

The CBA Section appreciates that delivery by e-mail can be problematic. Rather than require consent, it may be more practical to require that the party serving any documentation electronically provide the other side with a separate notice (i.e. contained in the letter of transmission to the Opposition Board) that the documentation has been forwarded by e-mail, so if it has gone astray it can quickly be identified and remedied.

Reply Evidence

The CBA Section strongly advises against the deletion of s. 43 of the Regulations, which allows an Opponent to file reply evidence as of right. While Opponents may rarely file reply evidence, the prescribed period of one month for filing it (which can only be extended with consent of the applicant) hardly leads to any delay in the proceedings. Indeed, a party seeking to file reply evidence must act expeditiously to do so. Without the right to file reply evidence, a party will be required to seek leave under s. 44 of the Regulations. This will increase the cost of the proceedings to the parties and put undue pressure on the resources of the Opposition Board.

By way of example, in a recent case, a party requested leave to file additional evidence on May 12, 2010. On June 17, the Opposition Board invited comments from the other side and gave a three week deadline. On July 5, the other side gave consent and on July 14 the Opposition Board granted leave. In other words, in a very straightforward situation, it took two months for the request for leave to be granted. If all requests for reply evidence had to go through this process, there would be significant additional costs and delays. The CBA Section sees no good reason to remove the provisions for reply evidence. The amendment would cause no significant improvement in the speed of the process and may have the opposite result and cause further delays.

Cross-examinations

CIPO proposes to amend s. 44 of the Regulations to prescribe a three month deadline for both parties to conduct cross-examinations following the filing of the applicant's evidence under s. 42 of the Regulations. If the Regulations were amended in this manner, parties would file their evidence sequentially under s. 41 and s. 42 of the Regulations before entering a prescribed period in which

both parties would conduct all necessary cross-examinations. Accordingly, all cross-examinations would be completed by both parties within three months after the filing and service of the applicant's evidence under s. 42 of the Regulations. The CBA Section has several concerns with this proposal.

First of all, it would be helpful to know the number of cases in which cross-examination orders are requested. Based on our experience, orders for cross-examination occur in a minority of cases. If that is correct, then building a three month cross-examination period into every case will result in unnecessary delays. This is the very thing that CIPO seeks to avoid.

CIPO suggests that, to ensure all cases are not unnecessarily delayed by introducing this prescribed deadline, it is considering requiring parties to confirm to the Registrar their intention to conduct cross-examinations. The CBA Section takes the view that parties should have a reasonable time (one or two months) to do so. In cases where no written confirmation is received, the case would proceed directly to the written argument stage. It is not clear on how this would work. For example, if one party notes that it does not intend to cross-examine, would it then be barred from conducting a cross-examination if the other side determines that it will proceed.

Secondly, the CBA Section believes that three months to assess the evidence to determine the need for cross-examination, make arrangements for the cross-examination and conduct the cross-examination will not be sufficient, especially in situations where multiple cross-examinations may have to be conducted in multiple locations. If CIPO proceeds with this approach, some degree of flexibility must be permitted the parties in terms of timing – extensions of time will be inevitable. To avoid the burden of requests for extensions of time, CIPO might want to consider a system similar to Federal Court practice of a straightforward process for the parties to obtain an extension of one half of the initial period of time.

Finally, the proposal may actually encourage more cross-examinations, thus increasing the overall costs to the parties. A request to produce a witness for cross-examination by one party may simply result in a similar request by the other party.

As an alternative, with a view to speeding up the process, the CBA Section would suggest that CIPO consider modifying the current approach so the party requesting cross-examination does not get an additional number of months to file its evidence.

Under the current process, if a party requests an order for cross-examination within two months of the evidence being filed, they will get four months to conduct the cross-examination (running from the date the order issues, which usually takes a month) and an additional four months to file evidence – a delay of at least 10 months from the date the evidence was filed in the first place. This seems unnecessarily long and the process could be simplified to permit for a reasonable time to cross-examine and file evidence. but to encourage the cross-examining party to move promptly.

Transcripts and Undertakings

While the CBA Section has no concerns with the proposed changes on filing of transcripts and undertakings, it is not clear if the one month period is in addition to the three month period to conduct the cross-examination. The CBA Section assumes it is in addition to the three months, and this should be clarified. As well, one month may be too short for the party that bears the onus of dealing with undertakings, especially when the cross-examination was conducted late in the three month period. Some flexibility in timing must be permitted the parties.

Written Arguments and Hearings

While the CBA Section supports the concept of filing written arguments sequentially, the process proposed by CIPO will add considerable delay to the preparation of a case for decision.

First of all, the CBA Section agrees that it is unnecessary for the Registrar to set a deadline for the filing of written arguments by way of a notice, to receive and then forward copies of the written arguments to the parties, and then to issue a notice requesting an oral hearing. The process of issuing notices to set administrative deadlines is not efficient. The CBA Section agrees that consideration should be given to amending s. 46 of the Regulations to set prescribed deadlines for parties to file and serve written arguments followed by a prescribed period in which both parties may request a hearing.

In contentious proceedings, there is an advantage to permitting written submissions to be filed sequentially, but the total period of six months to do so, followed by a possible request for leave to file additional submissions, is too long. The CBA Section believes a shorter period of time would be acceptable – two months each rather than three. Further, the CBA Section thinks it is best that the parties not be given the opportunity to request leave to file additional arguments. This could turn into a never-ending process that will simply delay the ultimate decision.

That said, given that the issues in most oppositions are reasonably straightforward, any value to be gained from a sequential system has to be weighed against any delays that will result. Rather than cause further delays, it may be better to stay with the system as it now stands.

It is unlikely that a sequential system will have any impact on the number of oral hearings requested in oppositions. Many parties will request an oral hearing because of the lengthy delay between filing of written submissions and issuance of the decision, to deal with any changes in the law that may arise in the interim. If the delay were more reasonable (six months as noted at the outset) it might result in a drop in the number of cases that go to hearing.

Finally, the CBA Section is unclear as to why the request for an oral hearing must contain information such as whether the party will make representations in person or by telephone and whether the party will make representations in English or French. As matters stand now, the hearing will not be scheduled until at least one year later and much could change in the interim. The current practice of providing the relevant information closer to the hearing date makes sense and should be maintained.

Transitional Provision

The CBA Section has no comments on the transitional provisions and look forward to seeing the specific wording proposed.

Miscellaneous

With respect to the following items, the CBA Section will await more information as to the nature of the changes being considered:

1. Introducing regulations, where possible, for section 45 proceedings established under s. 45 of the Trade-marks Act.
2. Modernizing several other Regulations on examination of trade-marks in light of e-commerce, including amending s. 27(1) and 28(2) to no longer require that drawings be lined for colour, and size of drawings not be limited to 7 cm x 7 cm.

The CBA Section has no comment or concern with the following miscellaneous amendments:

1. Amend s. 10 of the Regulations to make the wording clearer on correspondence with trade-mark agents acting for opponents during the conduct of trade-mark opposition proceedings.
2. Delete s. 47 of the Regulations concerning extensions of time. This provision is not used and is redundant with the discretion conferred on the Registrar under s. 47 of the *Trade-marks Act*.
3. Amend s. 45(2) of the Regulations (English and French versions) to specify that public inspection relates to both materials and documents. Currently, the English version refers to “materials” and the French version refers to “documents”.
4. Amend s. 38 of the Regulations to clarify that a Statement of Opposition need only be filed in duplicate if filed in paper form. The provision may provide as follows:

If filed in paper form, a statement of opposition must be filed with the Registrar in duplicate.
5. The above proposal refers only to trade-mark opposition procedures. However, corresponding changes should be made to the objection procedures for geographical indications established under s. 53 to 61 of the Regulations to keep these procedures as similar as possible. These objection proceedings have never been used, so there is no impact in making any amendments. However, should the objection proceedings be used in the future, the procedure should be consistent with that of opposition proceedings, in keeping with the original legislative intent and ease of administration.

Conclusion

The CBA Section welcomes the opportunity to participate in this pre-consultation process and looks forward to working with the CIPO as this matter moves forward. The CBA Section seeks to maintain the current system with a few changes rather than establishing a sequential system.

Yours truly,

(original signed by Rebecca Bromwich for Stephanie Chong)

Stephanie Chong
Chair, Intellectual Property Law Section