



September 20, 2010

By Email: darlene.carreau@ic.gc.ca

Ms. Darlene Carreau
Chair, Trade-marks Opposition Board
Canadian Intellectual Property Office
50 Victoria Street, Room 4012
Gatineau, Québec K1A 0C9

Dear Ms. Carreau:

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

FICPI Canada wishes to thank the Canadian Intellectual Property Office for the opportunity to comment on the proposed amendments to the Trade-marks Regulations pertaining to opposition proceedings.

As you may know, FICPI (the Federation Internationale des Conseils en Propriété Industrielle), comprises approximately 5000 intellectual property attorneys in private practice in over 80 countries around the world. FICPI Canada is a self-governing national association of FICPI and represents the interests of Canadian patent and trade mark professionals. Our membership includes senior professionals at most major Canadian intellectual property firms, including practitioners responsible for at least dozens of opposition files at any one time. Our clients span all types and sizes of businesses, including multi-national corporations, small and medium size enterprises, and individuals.

FICPI Canada wishes to thank the Canadian Intellectual Property Office for the opportunity to provide comments. If CIPO has any comments about our submissions, please do not hesitate to contact the undersigned.

Yours truly,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Robert B. Storey, President - FICPI Canada

Encl.

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

Submissions by FICPI Canada

September 20, 2010

CIPO has stated that in proposing changes, its goal is to modernize, streamline and simplify the administration of the trade-mark opposition regime to increase effectiveness and reduce operational costs for business.

A. Criticisms of the Proposed Changes

1. Electronic Filing of Evidence

The filing of evidence electronically provides another means to file evidence with the Board. This is useful where the evidence to be filed is simple and can be easily transmitted electronically. However, no provision is made for potential errors in electronic filing of evidence (e.g. where someone files evidence electronically but it does not reach the recipient by the given deadline or where content is missed in electronic transmission). Consent by the other side in filing evidence electronically should be built into the amendments.

Requiring lawyers/agents to keep a paper copy of the evidence for only one year after all periods for appeals expire is also unrealistic given that the statute of limitations for related litigation is much longer (e.g. where the client sues its trade-mark agent for negligence in an opposition proceeding, the affidavit may have some value). Of course, lawyers/agents are free to keep it for longer, but the Board should not give them the false impression that one year following expiry of all appeals is sufficient.

2. Service

The proposed amendment to 37(1) is only to the extent that faxes of 25 pages or less no longer require consent. This does not streamline or modernize the process to any great extent. Amendment to 37(2) are purely cosmetic – the substance of the amendment remains the same.

Proposed 37(4) has basically combined current 37(3) and 37(4). It changes the date of service by courier from date of delivery to date of shipping – that removes the onus on the person serving the document from ensuring that the document is actually delivered.

Further, current 37(5) is deleted – this provision provides guidance as to when service is effected if a document is served through alternate forms (e.g. fax, e-mail). Absolutely no details are provided as to what constitutes service for documents delivered by fax (which is specifically identified in proposed 37(1)) or by e-mail.

Instead, the Board has suggested that the Registrar will raise the issue of service where he/she has reasonable grounds to believe that a document was not

served within the prescribed period. This would only add administrative cost to the Registrar to have to issue a notice requesting proof of service every time service is put into question. Further, it is unfair that the burden is put on the recipient of the document to ensure that service was in fact effected properly – when really control over the service of the document is in the hands of the person delivering the document.

Putting in details of what constitutes services when a document is faxed or e-mailed would certainly streamline the process further rather than have to turn to the Registrar for guidance in individual cases. For example, Rules 143 and 144 of the Federal Court Rules provide for such an event and if the Board is fashioning the Trade-mark Regulations on the basis of the Federal Court Rules, then it should adopt such provisions for consistency.

3. Reply Evidence

The proposed changes state that “between March 2007 and March 2010, opponents filed reply evidence in less than 1% of all cases”. A large proportion of cases settle prior to the evidence stage. The pool of cases where opponent’s reach the stage of filing evidence and heading into an opposition hearing is much smaller. It is that pool of cases that should be analysed when reviewing the utility of reply evidence. Clearly a much larger percentage of opponents in this pool of cases is filing reply evidence.

Further, just because few people use section 43 of the Regulations does not mean that the provision should be deleted. The reply evidence provision is a means for all of the evidence to be presented/disclosed before written arguments are to be made. The delay of having this provision is simply one month [Note: an extension of time for up to four months is available to file reply evidence]. It also mirrors the Federal Court Rules which has the option of filing reply in pleadings – see Rule 171.

The Opponent has the right to respond to the Applicant’s evidence under the principle of natural justice. Such a right cannot be subject to the discretion of the Registrar.

Under the new regime, an Opponent wishing to file reply evidence would have to do so with its written argument – at this time the Applicant will have also filed a written argument. Therefore, should reply evidence be filed, the Applicant will then require permission to file supplementary written arguments, which would cause delay in any case. All the Board has done is moved the delay from the evidence stage to the written argument stage.

Perhaps the better solution would be for the Board to consider simply providing four months at the outset to file reply evidence with no further extensions of time

and offer the Opponent the option of filing a statement saying that it does not wish to file reply evidence in order to speed up the process.

Another issue is that the current practice notice places various restrictions on leave to file evidence, including having to explain why the evidence is necessary and why it was unavailable at the time of filing. None of these restrictions appear to have been retracted. Requests to file additional evidence must also be accompanied by a draft affidavit and preferably already sworn or declared. Will the Opponent in filing reply evidence be subject to these additional restrictions? If so, this creates an additional and unnecessary burden on the Opponent in filing reply evidence, which is under the current system not subject to such onerous requirements.

The time frame provided to the Opponent in filing reply evidence or filing additional evidence once leave has been granted by the Registrar is not specified – will this be sufficient? Are there extensions of time available once leave is obtained?

4. Cross-examinations

First, 37% of those who requested cross-examinations actually conducted them - that is not at all a small percentage to justify broad changes to this provision. The Opposition Board is also not taking into account those who did not conduct cross-examination due to early settlement. Currently, parties can request cross-examination at any time and where an applicant requests cross-examination within two months of the opponent's evidence being filed, the applicant receives an extension of time of four months to file its evidence in addition to the time received to cross-examine the opponent's affiant.

The Board has proposed having a three month deadline for cross-examination following sequential filing of evidence. This is unfair to the Opponent. The Applicant will receive the Opponent's evidence first, and have the four months (along with any extension of time) for the Applicant to file its evidence and the three months in which to organize and conduct cross examination. In contrast, the Opponent will only have three months following the Applicant's evidence. Three months is not a reasonable period of time to conduct cross-examinations because it is contingent on the availability of so many parties. In many opposition cases, opponents and/or applicants are located in countries outside of Canada and often Canadian agents have contact foreign counsel that act as intermediaries for foreign opponents/applicants. This requires a greater amount of time for Canadian agents to obtain instructions and should be taken into account when determining the time period.

How does shortening the time to conduct cross-examination allow parties to put their best evidence forward? How does shortening the time for cross-examination makes settlement more likely? Parties are often more prone to settlement before

incurring costs of filing evidence. If parties have already incurred this expense, it is unlikely that settlement will be encouraged on the basis of avoiding the expense of cross-examination.

By deleting specific provisions for reply evidence and incorporating it into the written argument phrase, cross-examination is also split into two stages – thereby creating greater delay at the written argument stage. No information is provided as to what time frames will be available to the parties should leave be obtained to conduct additional cross-examination on reply evidence filed as “additional evidence”.

5. Transcripts and Undertakings

Currently, transcripts and undertakings have to be provided to the Registrar by the party conducting the cross-examination within the time fixed by the Registrar. The proposed change merely assigns the undertakings to be provided by the party whose affiant is being cross-examined, and specifies a one month period in which to do so. This may in fact streamline the process.

6. Written Arguments and Hearings

These changes may streamline the opposition proceedings and provide us with set deadlines as to when the written arguments are due and hearings are to be scheduled. This is particularly useful as deadlines can be missed if a notice is misfiled or lost – the new provisions would provide us with concrete guidance.

However, there needs to be more specificity in knowing when the three month period to file written arguments starts. Is cross-examination completed when transcripts and undertakings have been filed or is it when the actual cross-examination is completed?

Further, it is unfair to have the Applicant file its written arguments following that of the Opponent’s written arguments – that provides the Applicant with an added advantage of being able to respond to the Opponent’s arguments with no avenue to do so for the Opponent, subject to the Registrar’s discretion to file supplementary written argument.

Further, written arguments are currently filed within one month of the notice issued by the Registrar. An extension of time for four months is available with consent of the other side. If consent is unavailable, leave of the Registrar can be sought to file after the expiry of one month under section 46(2). The extension of time is often engaged as one month is simply insufficient time for agents to prepare written arguments, have them approved by their client, make any amendments necessary and then file them with the Board. As mentioned above, often clients are not located in Canada and there is a delay in getting instructions.

With the proposed changes, delays will be experienced at the written argument stage as three months are being provided to each party. There is no reason why the Applicant has to wait to file its written argument – written arguments by both parties can and should be done simultaneously. The written argument stage can be further protracted by the filing of reply evidence at this stage along with further cross-examination.

The better solution would be to provide parties with sufficient time to prepare and file their written arguments simultaneously. It would be better to provide parties one period of four months to prepare and file written arguments with a shorter extension of time with leave of the Registrar and/or consent of the other side.

7. Transitional Provisions

The amendment of the transitional provisions is suggested but no details are provided – there is no guarantee that it will not be as confusing as when changes were made back in 2007 (which are being complained about by the Board now). The Board must provide these changes in advance for comment by trade-mark professionals.

8. Other recommendations

FICPI Canada considers that a number of other aspects of current opposition proceedings could be improved by amendments to the Regulations, as follows;

- a. Cross-examination should be available as of right, without requiring an application for an order from the Registrar pursuant to Section 44(2). The Regulations should instead stipulate an appropriate time period for the parties seeking cross-examination to serve the other party with a direction to attend. This would not only speed up the process, it would also relieve the Opposition Board of the need to deal with requests for orders for cross-examination.
- b. Initial timelines for filing evidence should be extended to avoid inevitable extension requests. We submit that the initial period for the opponent's evidence under Section 42 of the Regulations should be 6 months after the service the counter-statement. An appropriate time for the applicant's evidence, and for completing cross-examination of any of the opponent's affiants should be 12 months. An appropriate time for the opponent to complete cross-examination of any of the applicant's affiants, and for the opponent to file reply evidence should be 6 months.
- c. In addition, recognizing that many oppositions have complex issues, especially where there are parallel proceedings between the same parties, often in multiple jurisdictions, we recommend that the parties should be able to stay proceedings on consent, so that

the parties can thoroughly explore arrangements for a negotiated settlement without pressure from rushed timelines. To avoid any possibility of unfair prejudice to third parties, the Registrar could be given the authority to lift or cancel a stay of proceedings where a third party has requested the Registrar to do so and has demonstrated that the stay of the opposition proceedings is causing prejudice to the third party.

9. Reality of Trade-mark Prosecution Practice

The reality is that the trade-mark opposition practice is not akin to Federal Court litigation practice.

In the latter, there are substantive rights at stake and typically one or more of the parties to the litigation is facing actual or potential damage to its business. Therefore, there is a need for litigation to proceed at a substantially faster pace and to make a concentrated effort to reach a resolution. In contrast, in opposition proceedings, there are substantive rights at stake but only to the extent that they are related to the registration of a trade-mark, and parties are not facing actual accruing damage to their business due to a trade-mark opposition. Therefore, the pace of trade-mark opposition need not rival that of federal court litigation.

In addition, litigators in the Federal Court or otherwise often have a limited number of files due to the fast pace and concentrated effort required on each litigation matter. Litigators often also have local clients or direct contact with foreign clients in order to speed up the litigation practice.

The lawyers/agents that have trade-mark prosecution and opposition practice, on the other hand, usually handle a much greater volume of files – a seasoned trade-mark lawyer/agent could manage many oppositions at any given time. Most trade-mark lawyers and agents have several foreign clients who can only be contacted through their foreign counsel for instructions. Given the volume of files that trade-mark lawyers/agents deal with as well as the lag time in communicating with foreign clients requires the opposition process to move at a slower pace.

Lastly, in our members' experience, parties to opposition proceedings, whether they be our clients or those against our clients' interests, have never complained about the extensions of time available in, or the overall length of, opposition proceedings. In fact, our experience has been that lengthier model of the opposition process, particularly the extensions of time, allow parties to negotiate and come to resolutions that suit both the legal and business aims of the parties.

Respectfully submitted,

Robert Storey, Toni Ashton, Coleen Morrison for FICPI Canada