

Modernization of the Canadian Trademarks Opposition Board

カナダ知的財産庁における商標異議審判部の近代化<英語原文>

Natalie de Paulsen, Member of the Trademarks Opposition Board

Martin Béliveau, Chairperson of the Trademarks Opposition Board

Guylaine Lefebvre, Senior Policy Analyst for the Trademarks Opposition Board

Table of contents

1.About CIPO

2.About TMOB

1.About CIPO

About CIPO

The Canadian Intellectual Property Office (CIPO) is a special operating agency of Innovation, Science and Economic Development Canada.

CIPO is responsible for the administration and processing of the greater part of intellectual property in Canada. CIPO's mission extends beyond delivering services directly to those seeking intellectual property (IP) rights and includes:

1. providing greater certainty in the marketplace through high-quality and timely IP rights;
2. fostering and supporting invention and creativity through knowledge sharing;
3. raising awareness of IP to encourage innovators to better exploit it;
4. helping businesses compete globally through international cooperation and the promotion of Canada's IP interests; and
5. administering Canada's IP system and office efficiently and effectively.

More information, about CIPO's mandate, organizational structure, client service standards, and other corporate information may be found on CIPO's website.

CIPO's collaboration with the Japan Patent Office (JPO)

CIPO has collaborated closely with the JPO over recent years. For example:

On a bilateral level:

- CIPO and JPO hold annual Heads of Office meetings to exchange on the latest IP office developments.
- At a working level, our offices exchange information and meet about various IP matters on an ad-hoc basis.
- CIPO and JPO signed a bilateral cooperative memorandum of understanding in 2017 for an indefinite period.
- Both CIPO and JPO participate in the Global Patent Prosecution Highway (GPPH) program. As of July 2022, CIPO has received 1,622 total PPH requests from Japanese applicants.
- In 2020, Canadian applicants filed in Japan 616 patent applications, 0.2% of total applications filed at JPO. In

本稿は、パテント誌 2023 年 7 月号 P149~155 の日本語版の元となった英語原文です。但し、日本語版は、日本語と英語の表記上の相違や読みやすさを考慮し、英語原文に対して逐語訳ではありません。従いまして、英語原文と日本語版では内容に若干の相違点がありますことにご留意下さい。

the same year, Japanese applicants filed 1,446 patent applications at CIPO, 4.2% of CIPO's patent applications.

- Between 2009 and 2019, top CIPO patent owners from Japan included Sony Corporation, Nippon Steel Corporation, Cipla Limited, Honda Motor Co., Ltd, and Toyota Jidosha Kabushiki Kaisha.

On a multilateral level:

- Both CIPO and JPO are members of Group B+ on substantive patent law harmonization. Our offices engage in discussions and annual Group B+ plenary meetings.
- Both CIPO and JPO attended the G7 Heads of IP Office Conversation in 2021 and 2022. Joint statements were published after the event to reiterate the G7 IP offices' commitment to cooperation on IP matters.



Pic building-CIPO

2.About TMOB

The Canadian Intellectual Property Office (CIPO) has been working for some years now to modernize the intellectual property legal framework and its office practices with respect to proceedings involving trademarks and geographical indications. These efforts are aligned with Canada's efforts to develop and implement Canada's Intellectual Property Strategy, which goal is to help ensure that its intellectual property regime is modern and robust. The Trademarks Opposition Board (TMOB), which hears trademarks proceedings, has already implemented some changes towards modernizing and other significant changes are expected to be implemented in 2024. For international parties, these changes may impact considerations with respect to whether they launch a proceeding and their conduct in proceedings.

This article summarizes the measures that have already been implemented by the TMOB and the planned introduction of case management, costs awards, and confidentiality orders. In particular, this article discusses the following topics:

- (i) The Canadian Trademarks Regime
- (ii) Introduction to the TMOB
- (iii) The TMOB is an Electronic Tribunal
- (iv) New Ground of Opposition Based on Bad Faith
- (v) Limit on Additional Evidence Being Submitted in the Federal Court
- (vi) Oppositions and Objections Will be Withdrawn in the Event of Default
- (vii) Costs Awards
- (viii) Confidentiality Orders
- (ix) Case Management

Key takeaways and additional information are displayed in boxes throughout.

(i) The Canadian Trademarks Regime

In Canada, it is the Trademarks Act, RSC 1985, c T-13 (the “Act”) and the Trademarks Regulations SOR/2018-227 (the “Regulations”) that set out the scheme of registration for trademarks and the process for listing geographical indications. The most recent significant changes to the Act and the Regulations came into effect in June 2019 and we are expecting the coming into force of additional amendments to both the Act and the Regulations by 2024. For example, upcoming proposed amendments to the Regulations and draft practice notices with respect to costs awards, confidentiality orders and case management are currently the subject of an online consultation on CIPO’s website until February 3, 2023 at the following link.

Other upcoming changes to the regime will be detailed in practice notices, which are documents published by CIPO setting out its practices and the interpretation of relevant legislation.

(ii) Introduction to TMOB

The TMOB is part of the Canadian Intellectual Property Office and is comprised of a chairperson, members, hearing officers and Registry staff. The chairperson, members and hearing officers have delegated authority from the Registrar of Trademarks to conduct hearings and render quasi-judicial decisions with respect to three types of proceedings:

1. opposition proceedings, whereby a person (the opponent) can object to the registration of a trademark that is the subject of an application in Canada;
2. expungement proceedings, which allow a person to request that a trademark registration be expunged in whole or in part from the Register of Trademarks, if the owner is unable to show use of the trademark in Canada during the three-year period preceding the date of the notice or special circumstances which excuse non-use; and,
3. objection proceedings, whereby a person (the objector) can object to the entry of an indication on the list of geographical indications kept under the supervision of the Registrar.

While representatives outside of Canada can take some actions with respect to files, in respect of proceedings before the TMOB, all correspondence must be submitted by a registered Canada trademark agent or the party directly. Correspondence from the TMOB will be sent to the parties or registered trademark agent or representative for service in Canada (if one has been appointed).

(iii) The TMOB is an Electronic Tribunal

The recent pandemic precipitated the transformation of the TMOB into a fully electronic tribunal.

a. Electronic Services

The TMOB offers e-filing services which allow parties to submit all communications and evidence to the TMOB electronically. The use of these e-services has more than triple over the last three years. Currently, over 90% of documents submitted in proceedings are received through e-filing. Among the functionalities offered, the TMOB's e-services allow for the service of documents between parties, for documents which are required to be served in proceedings such as evidence and written submissions. Shortly, it is expected that complete online access to files and their status will be available.

b. Electronic Hearings and Cross-examination

Videoconference is the preferred method for the conduct of hearings and cross-examinations before the TMOB. All hearings are now by default scheduled by videoconference. In accordance with the open court principle, members of the public are welcome to attend videoconference hearings. While attendance is permitted, recording of hearings by video or audio is prohibited without preauthorization. With respect to cross-examination, while parties can agree on any method of examination whether in person, by telephone or video conference, if the parties are unable to agree, the TMOB will order that cross-examination take place by videoconference unless the balance of convenience does not favour this method.

(iv) New Ground of Opposition Based on Bad Faith

The Act provides that the application for a trademark may be opposed if the application was filed in bad faith. This new ground of opposition was a legislative change enacted in 2019 aiming to hinder the registration of a trademark for the sole purpose of extracting value, preventing others from using it and preventing the abusive use of the trademark regime.

(v) Limit on Additional Evidence Being Submitted in the Federal Court

Final decisions of the TMOB are appealable to the Federal Court of Canada. At the present time, parties in an appeal at the Federal Court can introduce new evidence. Upcoming changes will amend the Act so that a party must obtain leave from the Federal Court to introduce evidence on appeal which was not considered by the TMOB. This should increase efficiency of proceedings in Canada since under the current system a party may leave out important evidence that could impact the outcome of their case before the TMOB. Then, if they are unsuccessful at the TMOB, the result may be appealed to the Federal Court where full evidence is filed.

Parties should put their best evidence forward during the proceeding at the TMOB.

(vi) Oppositions and Objections Deemed Withdrawn if in Default

Under the current opposition and objection regime in Canada there are several stages over the course of an opposition or objection proceeding at which a trademark application or a geographical indication will be deemed abandoned or an opposition or an objection will be deemed withdrawn, if a party does not meet a pleadings or evidence deadline. For example if an applicant fails to prosecute an application, the application will be deemed withdrawn. In each of these situations, parties may have the opportunity to remedy the default by obtaining a retroactive extension of time. The upcoming coming into force of one specific amendment to the Act will allow the TMOB to deem an opposition or objection withdrawn, if the opponent or objector is in default in the continuation of the proceeding. This will help, for example, conclude frivolous oppositions or objections more quickly where an opponent has lost interest in the proceeding.

A party interested in continuing with an application, opposition, geographical indication or objection, should be mindful of the default provisions when monitoring correspondence and deadlines in proceedings.

(vii) Costs Awards

The changes to the Act and the Regulations planned for 2024 will introduce costs awards in proceedings before the TMOB. This new power aims to curb the impact of inefficient and abusive behaviours during proceedings. The TMOB wants to introduce disincentives towards these behaviours to curtail them.

The proposed costs awards regime provides that on request, the TMOB may award costs against one or both parties in a proceeding. The “triggers” to award costs in an opposition proceeding would include:

1. if an application for the registration of a trademark is refused with respect to one or more of the goods or services on the ground that it was filed in bad faith;
2. if a divisional application was filed on or after the day on which the corresponding original application is advertised for opposition;
3. if a party who files a request for hearing withdraws their request for a hearing less than two weeks prior to the scheduled hearing date; or
4. if a party engages in unreasonable conduct which causes undue delay, complexity or expense in a proceeding.

In the case of an expungement proceeding or an objection proceeding, the proposed regime provides that the TMOB would only award costs for the last two circumstances, namely if a party who files a request for hearing withdraws their request for a hearing less than two weeks prior to the scheduled hearing date or if a party engages in unreasonable conduct which causes undue delay, complexity or expense in a proceeding.

The amounts proposed to be awarded for each of the triggers are:

- If a hearing request is cancelled less than two weeks prior to the scheduled hearing date – two times the prescribed fee to commence the proceeding;
- If there is unreasonable conduct which causes undue delay, complexity or expense – five times the prescribed fee to commence the proceeding;
- With respect to an opposition proceeding where a bad faith ground of opposition succeeds – ten times the prescribed fee for a statement of opposition under

Prescribed Fees to Commence Proceedings in 2023 (\$CDN)
- Statement of Opposition \$789.43
- Request a Section 45 Notice \$421.02
- Statement of Objection \$1000.00

subsection 38(1) of the Act; and

- For each divisional application for the registration of a trademark that was filed on or after the day on which the original application is advertised – two times the prescribed fee for a statement of opposition under subsection 38(1) of the Act.

In determining whether there was undue delay, complexity or expense in the proceeding, the TMOB will have regard to the overall context, including the nature and purpose of the proceeding, the length and causes of the delay, the complexity of the facts and issues in the case, and the extent and causes of the expenses incurred by the party. The following are examples of conduct that the TMOB may consider to be unreasonable causing undue delay, complexity or expense in a proceeding:

- a. Failing to attend a hearing that a party has requested without informing the TMOB;
- b. Failing to attend a cross-examination that a party has requested without informing the other party or cancelling a cross-examination on short notice without consent;
- c. Failing to follow the directions of the decision maker or upsetting the orderly conduct of the hearing;
- d. Engaging in litigation bullying in the form of abusive behaviours and tactics intended to defeat or make inordinately difficult the resolution of legitimate proceedings including "burying" the other party in needless or disproportionate paperwork;
- e. Breaching a confidentiality order;
- f. Lack of co-operation with the other party for scheduling of cross-examination;
- g. A course of conduct necessitating unnecessary adjournments or delays;
- h. Acting disrespectfully or maligning the character of another party.

To inform the decision on costs, the TMOB plans to require a request from the party seeking costs, which would have to include the reasons for the request, and submissions from the other party in response. The TMOB would then include any costs awards and the reasons for it in the final decision.

(viii) Confidentiality Orders

Pursuant to the Act, all documents filed in opposition, objection and expungement proceedings, including evidence, must be made available to the public. This requirement is consistent with the open courts principle, which provides that public confidence in the integrity of the judicial and quasi-judicial systems and understanding of the administration of justice is best achieved by ensuring access.

The 2019 changes to the Act introduced confidential orders, which the TMOB will begin to issue at a later date. In accordance with the new provision that has been introduced in the Act, a request to keep evidence confidential must be made prior to submitting the evidence at issue. Further, the TMOB must be satisfied that the information in the proposed evidence should be treated as confidential, notwithstanding the public interest in open and accessible proceedings.

Key Takeaway: The request for a confidentiality order must be made before confidential information is submitted to the TMOB.
--

In most cases, it is unnecessary for parties to provide confidential information in order for the TMOB to decide a proceeding. At present, it is common for a party wishing to include confidential information to redact it or present it in a vague way (for example, yearly sales of over \$1,000,000 or 1,000,000 units).

The introduction of confidentiality orders will allow parties to include confidential information in its evidence when necessary for a determination of the proceeding by the TMOB.

The test for issuing a confidentiality order, as articulated by the Supreme Court of Canada in *Sierra Club of Canada v Canada (Minister of Finance)*, 2002 SCC 41 at para 53 and as recast in *Sherman Estate v Donovan*, 2021 SCC 25 at para 38, includes three core prerequisites that are to be established by a person seeking an exception to the open court principle:

- a. court openness poses a serious risk to an important public interest because reasonably alternative measures will not prevent the risk;
- b. the order sought is necessary to prevent that risk; and
- c. the benefits of the order outweigh its negative effects.

In assessing these prerequisites the TMOB will consider whether redacting information in the documents at issue, would be a reasonable alternative to a confidentiality order. If a confidentiality order is issued, the TMOB will restrict the order as much as is reasonably possible while preserving the public interest in question. Finally, in considering whether the benefits of a confidentiality order outweigh its negative effects, the TMOB will consider whether the confidential information is required and/or relevant to the proceeding.

(ix) Case Management

At the present time, to assist with moving related files forward, the TMOB case manages these files by aligning deadlines so they move through proceedings and are heard together. The upcoming amendments to the Act, will allow TMOB to case manage its proceedings to a greater extent with the goals of faster and more cost-effective resolution of proceedings in two different ways in opposition, expungement and objection proceedings. First, in situations where, in relation to a proceeding or a step in a proceeding, matters need to be dealt with in a more efficient and cost-saving manner, the TMOB would be permitted to give a direction or make an order that would supplement the Regulations.

Second, a more engaged form of case management would be exercised in cases where a proceeding requires a heightened and ongoing direction. In such cases, the TMOB would be able to order that such proceeding continue as a case-managed proceeding and the TMOB would be permitted to make an order which varies, supplements or dispenses with rules set out in the Trademarks Regulations, subject to certain exceptions. In deciding whether a proceeding will continue as a case managed proceeding, the TMOB will have regard to all the surrounding circumstances, including:

- whether intervention in the proceeding is required in order to deal with matters in an efficient and cost-saving manner;
- procedural efficiency;
- volume of evidence;
- complexity of the proceeding;
- whether the parties are represented;
- number of related files involving the same or similar parties;
- the amount of intervention that the proceeding is likely to require; and
- whether substantial delay has occurred or is anticipated in the conduct of the proceeding.

At this point, the TMOB envisions case managing proceedings in two scenarios:

- Application being divided into multiple divisional applications, the TMOB may use its case management powers to consolidate proceedings so that only one set of evidence and written submissions is required, one hearing is held and a single decision is issued; and,
- Correction to a Protocol application resulting in re-advertisement, the TMOB may use case management

to deem all documents submitted with respect to the opposition before re-advertisement being submitted with respect to the opposition after re-advertisement, allowing the proceeding to quickly get back on track.