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## CIPO takes concrete steps to address examination delays, but applicant frustrations look set to continue for some time

- **Perfect storm of factors has led to huge backlog of applications awaiting CIPO examination**
- **New measures include prioritising applications using pre-approved goods and services list**
- **Local experts warn long delays will continue for years to come**

The Canadian IP Office (CIPO) has issued two new practice notices on [measures to improve timeliness in examination](#) and [requests for expedited examination](#) in an effort to address ongoing delays that have led to applicants waiting on average more than two years to first examination. With additional measures in the pipeline, local experts are convinced that the office is doing the best it can with the resources it has, but with applications filed in early 2018 still awaiting first examination, it is unlikely that the rate of examination will exceed the rate of new filings any time soon.

According to the first practice notice issued this week, CIPO aims to improve the timeliness of examinations by:

- no longer providing examples of acceptable goods or services when issuing the first examiner's report;
- prioritising the examination of applications filed with statements of goods or services selected from a pre-approved list; and
- requiring examiners to maintain a particular submission or argument only once.

What is more, CIPO has now begun to accept requests for the expedited examination of applications where one or more of the following conditions are met:

- A court action is expected or underway in Canada with respect to the applicant's trademark in association with the goods or services listed in the application.
- The applicant is in the process of combatting counterfeit products at the Canadian border with respect to its trademark in association with the goods or services listed in the application.
- The applicant requires the registration in order to protect its IP rights from being severely disadvantaged on online marketplaces.
- The applicant requires the registration in order to preserve its claim to priority within a defined deadline and following a request by a foreign IP office.

Elsewhere, CIPO has stated that it intends to address examination delays through various staffing measures. First, it plans to hire so-called 'formalities officials', who would assume a new role one step below examiners and whose job would be limited to reviewing applications for compliance with formalities before passing the files on to examiners. Second, the office plans to increase the number of examiners and the amount of overtime available to them. Finally, it aims to introduce so-called 'blitz days' at weekends to give examiners more time to tackle the growing backlog of applications that they face.

### Expectation of lengthy backlog clearance revealed

At a meeting of the Canadian subcommittee of the INTA Trademarks Office Practice Committee this week, CIPO director general Mesmin Pierre and deputy director legislation and practice, trademarks and industrial designs Lyana Goyette revealed – to the surprise of some – that the goal is to reduce first examination time to 18 months by March 2025, admitting that even this is a conservative aim and subject to change.

CIPO is acutely aware of the backlog issue and is looking to take careful steps to address it. However, applicants will be frustrated to hear that a long wait for first examination remains in store for years to come.

"The present situation will only ameliorate slightly and unfortunately slowly," reflects [Gary Daniel](#), counsel at Deeth Williams Wall LLP. "They've set themselves a goal which suggests that, at least in the next several years, we are not going to see a situation where applications will in the order of course be examined in Canada in a single-digit number of months as they are in many other jurisdictions."

For Canadian practitioners, this lag behind key trading partners is a headache. Explaining to clients that their applications are likely to take years to reach first examination is a thankless task – particularly where international brand owners have already been through the process elsewhere in a matter of months.

"There's no question that examination is slow and that's frustrating for a client," admits [Jeffrey Vicq](#), partner and co-chair of the IP and IT groups at Clark Wilson LLP. "They don't understand why it takes so long – particularly when they're filing in multiple jurisdictions and they know how the system can work in other places."

"Practitioners are used to delays in certain jurisdictions historically, and we're all sympathetic to the fact that these are government agencies with the usual issues of budgets, staffing and technology," continues Daniel, "but the strange thing is Canada is a developed, modern economy like the United States or the United Kingdom, and in the last couple of years we have gone from having a system that is consistent in trademark examination with other countries in the world to being an outlier".

## How did we get here?

So what has caused this? On 19 April 2021 more than [161,000 active applications](#) were awaiting examination at CIPO – 79.1% of all applications filed since 1 April 2018. What is more, [over 10,800](#) of these were filed in 2018, suggesting an exhausting three-year wait for a huge number of applicants. To make matters worse, the backlog is only increasing. Further [analysis of CIPO data](#) by Blake R Wiggs at Canadian Trademark Intelligence reveals that between 26 April 2021 and 3 May 2021, the number of filings increased by 1,674, the number of applications transitioning to inactive status increased by 71, and the number of examined applications increased by 982. As a result, 621 applications were added to the roster of unexamined filings in one week alone.

Many of the delays are attributable to the major changes made to the Canadian Trademarks Act in June 2019. Acceding to the Madrid Protocol and moving to the Nice Classification system has had a severe impact on CIPO's examination process – primarily because CIPO has had to prioritise Madrid applications in order to meet the deadlines imposed on it by the protocol. Add to that limited resources, high staff turnover, a rise in overall filings – including a rush to avoid fee increases – and a global pandemic, and you have a perfect storm of extenuating circumstances.

The subsequent delays are a significant problem for many brand owners – especially those in fast-moving industries such as pharmaceuticals and events, where products may be outdated or exposed to infringement long before a registration is approved. "The danger is the backlog will get worse, the time to examination will get longer, and people will stop filing," warns Vicq. "For some applicants, the nature of their offering means the lifespan of their filing will be short. If it takes three to four years to get a registration, it won't make sense to them, as that doesn't follow their product cycle. There'll be benefits to having the applications filed, but the longer it gets, the less benefit there'll be."

"The delays impact enforcement and filing strategies, as brand owners require certainty and registrations to enforce and develop their trademark rights," continues [Monique M Couture](#), partner at Gowling WLG. "The delays may also deter filing in Canada, with the corresponding loss of rights and opportunities. However, I would encourage rights holders to continue filing in Canada, as registration continues to confer many benefits not afforded to common law rights holders."

## What impact are the new measures likely to have?

Clearly, the time had come for CIPO to act. The question is, are the new measures the best course of attack? Of the practitioners we spoke to, Couture is the most optimistic. "These measures are a welcome tool to improve the timelessness of examination," she states. "We are hopeful that we will see results rather quickly, in terms of the progress of individual applications."

But these things take time. In addition, hiring and training new examiners – particularly those who speak French – has been an ongoing challenge for the office. Federal government hiring practices and the rules around pay increases mean that there has been much more movement within the government of late. This has led to a decrease in efficiency, which is only likely to continue as more examiners join the ranks. "It's going to take some time for examiner efficiency to bounce back. And you can only hire so many people, and get them trained, at once," Vicq admits.

With CIPO examiners no longer providing examples of acceptable goods or services, there is also concern over a decline in the quality of service. However, Couture notes that "examiners may in fact have more time to devote to the substance of their objections". What is more, many applicants will not respond to a first examiner report anyway. So, while the responses that are filed are more likely to miss the mark without them, the move to scrap ID suggestions should save examiners a lot of time in instances where applications will only go abandoned. In fact, the narrow scope of the Goods and Services Manual means that a large number of examiner suggestions are arguably not all that helpful to applicants in unusual or innovative industries anyway.

If CIPO is going to incentivise more applicants to make submissions from the Goods and Services Manual, it desperately needs to expand the picklist provided. This would reduce the time taken to examine a large number of applications, as pre-approved goods and services do not require further validation.

"A significant expansion of the list of pre-approved goods and services would probably help a lot," concurs Wiggs. "You can't just chuck in the applicable Nice Classification headings and call it done. If CIPO's list of pre-approved goods and services happens to contain a description that matches the applicant's goods and services, that's great – you go with that and CIPO will accept it. But if your goods and services aren't listed (or aren't listed in wording that you're happy with), you need to concoct a description and hope that it will pass muster with the examiner. Often it doesn't, so you find yourself in a nit-picking tussle with the examiner over minor wording changes to your goods and services description – which can and often does involve a series of two, three or more examination reports – with a gap of 12 to 18 months between each report... This drives practitioners nuts. It drives foreign associates really nuts – they will sometimes throw up their hands and say: 'We have no idea what the examiner wants.'" Expanding the pre-approved list would help numerous parties to avoid all this. How quickly it would start to make a difference would depend on "how willingly the stakeholder community picks up that gauntlet", says Vicq.

Differential fees would be one incentive. But that would require government approval and therefore take longer to implement. Instead, the latest practice notices indicate that CIPO aims to encourage a change in applicant behaviour by prioritising applications with goods and services selected solely from the pre-approved list. However, this runs the risk of excluding applicants in a huge number of industries – especially while the scope of pre-approved goods and services remains so narrow.

Until now, the only applications that were examined out of sequence were those filed via the Madrid System or those that pertained to covid-19-related goods and services. Indeed, the second practice notice acknowledges that "examining an application out of sequence creates a favored position at the expense of other applicants". Yet, "in the context of the current wait times at the examination stage", it seems that the time has come to make this sacrifice.

"It looks like they are trying to take steps to deal with applications that can be more easily processed... but it does raise the question: assuming you have finite resources, when are the poor applicants who filed in late 2018/early 2019 going to get their applications examined?" asks Daniel. "They seem to be moving to a triage/priority-based system, which in the context of covid-19 and certain limited exceptions I can understand, but for people who don't fall into those categories, the answer seems to be: 'We'll get around to it when we get around to it.'"

"The new measures afford trademark owners with an option to request expedited examinations where litigation or certain enforcement activities are ongoing, goods or services have obtained Health Canada approval, or priority is impacted in a foreign office," explains Couture. "Whether this will delay examination for applications which are not expedited remains to be seen. The hope is that taken together, all of the new measures put forth by CIPO (including the ability to resolve small issues with telephone discussions), will work to reduce examination time."

That said, any applicant seeking expedited examination must provide supporting evidence (eg, at a minimum, an affidavit). Where there is additional work, there is additional expense; therefore, applicants – especially small businesses or individual entrepreneurs with limited funds – will have to decide whether expedited examination is worth the added cost. "If you're an individual, you've got to go and get a lawyer," Daniel states. "This will be problematic," agrees Couture. "These measures underscore the importance of experienced Canadian counsel to advise and respond appropriately to the examiner."

Naturally, CIPO does not want a rush of applications seeking expedited examination. Therefore, the new practice notices provide a strictly limited number of situations in which requests will be granted. "Given the somewhat narrow categories... I doubt we'll see many applications affected by the new measures," says Wiggs. "The problem with expedited examination is that everybody wants it. CIPO's previous attempts to expedite examination have bogged down for precisely that reason. That's why we see the categories in the new practice notice – CIPO has to somehow throttle the expedited examination queue or it will quickly overwhelm the system – just as Madrid has done." So, as promising as expedited examination may sound for a small number of applicants, for the vast majority, the move towards a priority-based system will do nothing to alleviate concerns.

Even when applications do reach examination, there could be a greater risk of refusals. As Wiggs [recently warned](#): "Given the current size of the unexamined application backlog and its apparent rate of increase, a significant uptick in refusals would be required to noticeably move the needle on the unexamined application backlog gauge in the downward direction." Speaking to *WTR*, he admits: "I have a bad feeling that these measures (meaning refusals) are going to be felt by some applicants within a month or so. Heretofore, examination has been a back-and-forth negotiation that can last as long as the examiner will tolerate (ie, years). So multiple consecutive exchanges between examiners and trademark practitioners over the same issue can and do happen. I fear that CIPO may be sitting on a stack of such cases which are basically going sideways because neither the examiner nor the practitioner has been willing to budge. Such cases could be early targets for refusals."

The risk of refusal is obviously going to be a huge concern for applicants that have waited patiently for years for examination. "Unless you're willing to fund an appeal to the Federal Court of Canada (few trademark owners are willing) or unless you refile and start all over, you'll have a glaring gap in your world map of trademark protection," he warns. "Specifically, without a Canadian trademark registration you'll have to fall back on your common law rights (eg, a passing-off action). The catch there is that unlike a trademark registration which gives Canada-wide protection, passing-off claims must be pursued province-by-province. Plus, you need to establish the necessary goodwill and reputation to succeed in a passing-off action. So, yes – a refusal would be a big concern."

But surely something has to give. There is never going to be a simple solution for such a complex situation, and inevitably someone, somewhere is going to be put out. "It's nice to be an armchair critic and complain about it," admits Daniel, but immediate solutions are few and far between.

For him, returning to a first-in, first-out system would have been preferable. "It is frustrating when you see applications advertised, some of which were filed a year ago, when you have other clients who have been waiting two-and-a-half years for first examination. I don't think CIPO has done as good a job on being transparent as to why certain applications have moved up the queue, which on their face don't look like they fall under covid-19 or the other exceptions."

For Couture, however, "CIPO has been outstanding in its outreach to the trademark community". Looking ahead, technology could help to keep those lines of communication open. An automated system that updates trademark professionals and their clients on the progress status of their – and other – applications would be welcomed. What is more, CIPO could help to appease disgruntled applicants through reimbursements. In Canada, customers can request some or all of their fees back from government organisations where various performance criteria have not been met. The government has already recognised that "you should be entitled to a certain level of service based on the fact that you're paying the government a fee", Daniel says. Therefore, although it would be hugely problematic to charge applicants higher fees to jump the queue, CIPO could offer some kind of refund if applications have still not been examined after a certain period. But as with all these proposed solutions, that would take time and money that the office seemingly does not have.

"A lot of attorneys and stakeholders are quick to blame CIPO and say this should be better – but lots of things should be different," says Vicq. "I don't think that CIPO has done anything wrongly here. They're doing the very best they can in very challenging circumstances."

## Keep calm and carry on

"We all agree that the efficient operation of the system benefits all stakeholders and is of a benefit to the country economically," Vicq continues. "In taking some of these extraordinary steps to recover from this situation we find ourselves in, largely through no fault of CIPO's own, to get back to a place where examination is occurring in a much more reasonable time, I think we need to recognise that there may be some momentary discomfort on the part of users of the system, depending on what stage their application is at."

Ultimately, then, it may have to get worse before it gets better. If ever there was a time for people to empathise with that sentiment, it is during this pandemic. For now, CIPO has taken the first, thoughtful steps in the right direction, and practitioners must continue to manage client expectations as best they can.

Vicq concludes: "All we can try and do is get the message out both to international filers, so that they can adjust their expectations, and to domestic users of the system, so that they can work on responding accordingly, and understand that we're going to have to take some steps to fix this thing. Maybe it gets worse before it gets better, but there is a plan; there is a goal." It just happens that the goal is 2025.

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