

PROPOSED CHANGES TO THE TRADEMARK OPPOSITION BOARD PRACTICE: A PRACTITIONER'S POINT OF VIEW

by
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Too complicated, too lengthy and too expensive are how some members of the trade-mark profession have commented on the whole opposition process as underlined in the CIPO's letter of last spring. Various proposals have been put forward in order to streamline the process. Opposition matters take up a great amount of my practice and I have been asked by the Chairman of the Opposition Board to comment on the proposals put forward regarding evidence, cross-examinations and more generally extensions of time.

The rules, as they now read, provide for a sequential filing of evidence as outlined in the CIPO's letter: following the serving of the counterstatement of opposition, an opponent has 1 month to file its evidence in chief but may request and obtain a 6 month extension of time to file its evidence for a total of 7 months; following which the applicant has 1 month to file its evidence but may request and obtain also a 6 month extension of time; finally the opponent may file evidence in reply to the applicant's evidence and it has 1 month to do so but may request and obtain a 4 month extension of time.

All these months, 19 in total, a year and a half, are supposed to provide each party with sufficient time to prepare its evidence by communicating with its client, requesting the necessary information to prepare the evidence, analyse the obtained information, prepare the affidavits, send them to the client for approval, obtain the approval and eventually obtain the client's signature before a commissioner of oath in the client's jurisdiction. But are all these extensions too much?

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The proposed changes in the CIPPO's letter are of course a real departure from the process we actually now know. Under the proposed changes, instead of the sequential filing of evidence, the proposed rules would provide both parties with 3 months from the filing and the service of the counterstatement to simultaneously file evidence in chief and then 1 month from the filing and service of the evidence in chief to file evidence strictly confined to matters in reply. These proposed changes raise issues at 2 levels, firstly on a legal one and secondly on a practical one.

On the legal level, one remembers that in opposition proceedings, the opponent has usually an evidentiary burden to put forward evidence in support of its grounds of opposition, following which the applicant may see which grounds of opposition are actually being pursued and how it is to respond to the evidence filed by the opponent. As it now is, the sequential filing of evidence has the advantage for the applicant of letting the opponent make its bed, thereafter enabling the applicant to respond to the opponent's evidence in the most appropriate way. For example, if the opponent does not file evidence regarding its grounds of opposition, the applicant may elect not to file evidence also since the opponent will not have satisfied its initial evidentiary burden.

Now all this process of sequential filing of evidence is being put aside in the proposed modifications. Under the proposed rules, both parties would file their evidence in chief simultaneously. Of course, it can be argued that this proposed mechanism places undo hardship on an applicant who is then forced to prepare evidence in support of its application and challenging the opponent's grounds of opposition while not having seen the opponent's evidence and not knowing even what grounds of opposition will be pursued. With the proposed new rules, an applicant could be forced to file evidence in support of its application to establish, for example, the distinctive character of its trade-mark while on the other hand, the opponent for whatever reason, might elect not to file any evidence. The process would end up being more expensive for an applicant than it presently is.

On a more practical level, reducing the amount of time for a party to prepare its evidence from 7 months, as it now stands with the automatic extensions of time, to 3 months from the filing and service of the counterstatement, might place some parties in a rather difficult situation. For example, I would estimate that from half to two-third of the clients I represent are non Canadian parties, the majority of which are from Europe or Asia. In most cases, I deal with foreign agents who in turn deal with their clients. With all these intermediaries, it is not always a quick process to request information, answer queries, enable a party to go through its file and transmit documentation to its foreign agents who then transmit it to us; we then

prepare an affidavit which obviously has many blanks in it, send it for approval to the agent who then turns to his client to fill in those blanks and make the appropriate corrections and finally give the O.K. needed. Then comes the process of sending the affidavit off to the foreign agents who himself sends it off to his client with instructions on the swearing procedure. Of course, not all foreign jurisdictions are familiar with this procedure and this can cause certain problems in countries like France which is more familiar with the legalization process. In the past, I've had to send back for proper execution affidavits which had been simply legalized

So all these steps I have described and all these problems I have encountered obviously take time not necessarily because of a single factor but because of a multiplicity of factors involving different people on different continents having a different legal environment. Now for all these reasons, one would maybe want to exercise some caution before implementing a 3 month period for a party to file its evidence since this might put certain parties in a most difficult position. Though it might be submitted that the time period for parties to file evidence is presently too lengthy in the overall process, reducing the period to file evidence to 3 months might be considered somewhat drastic.

Another proposed change is to allow affidavits and statutory declarations to be based on information and belief. It is argued that this would facilitate the preparation of evidence in the shortened time periods that are contemplated. One might respond that it is not obvious to see the link between allowing affidavits based on information and belief and the facilitation of the preparation of evidence within a 3 month time period.

Obviously, the opposition process cannot be shortened at all costs, and allowing affidavits based on information and belief might open the door to all kinds of statements that would require cross-examination. As outlined in the *Federal Court Rules*, affidavits should be confined to such facts as the witness is able of his own knowledge to prove. In practice, affidavits currently filed before the Opposition Board do contain from time to time facts based on information and belief and a party may challenge those facts by way of cross-examination.

The present practice allows in my view a certain latitude to practitioners and to the Registrar. However, amending the rules to specifically allowing affidavits based on information and belief might be initiating a path down a slippery slope. Caution should therefore be exercised before implementing this change.

Another proposed change is to provide for orders for cross-examination to be made only in exceptional circumstances where the need for cross-

examination has been clearly justified. Some might state that cross-examination is a fundamental right which should not be curtailed, especially if affidavits on information and belief are now to be allowed.

However, under rule 704 of the *Federal Court Rules*, cross-examination is not an automatic right and a person can only cross-examine an affiant with leave of the Court. A similar policy might be implemented at the Registrar's level in order to reject the purely dilatory or frivolous cross-examinations (for example the affidavit of the person submitting certified copies of registrations). The Registrar should have the discretion to refuse an order for cross-examination in certain specific instances such as the example I have given.

Further, the proposed changes do not mention anything concerning the time limits to conduct a cross-examination. Obviously, the whole attempt to reduce the decision process in opposition proceedings to 12 months could be thrown aside if there are various cross-examinations in a file. It is my own experience that cross-examinations can last up to many months, even years. Therefore, time limits should be maintained to conduct cross-examinations and these time limits should also be set for the party who has to answer to various undertakings it has taken. As matters now stand, cross-examinations can be dragged on for quite a long period of time because of a party's inability to file the replies to undertakings taken during a cross-examination.

In conclusion, I would like to state that speed should not be the sole consideration in implementing the proposed changes to the *Trade-Marks Regulations*. Sometimes, for various reasons for which both parties are responsible, it is in no one's interest to have a speedy decision, for example when the parties are involved in worldwide litigation along with settlements discussions and Canada is one of many jurisdictions in which the parties are battling it out. I am glad to see that under the proposed rules extensions of time by consent would be granted within reasonable limits. Of course, these reasonable limits are not yet defined.

More generally, there should be some room under the proposed rules for extensions of time, even without the other side's consent, if circumstances warrant it. Whether these circumstances need be exceptional is another question which might be looked into. If there have been some abuses or excesses in the past in terms of oppositions being too lengthy, I would caution against streamlining the process so as to ignoring the realities of day to day practice in opposition matters.

Finally, one is not very much advanced if the whole opposition process is settled within a year but this is followed by an appeal before the Federal Court which can take up to 2 to 3 years to settle.

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8 May 1996

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Dear Mr. Gould:

I am writing on behalf of the Registrar of Trade-marks to seek the views of your organization on improvements that might be made to the trade-marks opposition process by way of amendments to the Trade-marks Regulations (1996) and changes to Opposition Board practice.

Over the past few years, many members of the trade-marks profession have commented that opposition procedures have become too complicated, too lengthy and too expensive and that steps should be taken to significantly streamline the process. The problem of delays in opposition proceedings was raised at the last meeting of the Trade-marks Joint Liaison Committee and is again on the agenda for discussion at the next meeting. Further, towards the end of the consultations that took place for the amendments to the trade-marks regulations that came into force on April 16, a number of specific suggestions were made for amendments to the opposition regulations. Largely due to a lack of time to give proper consideration to the important issues that have been raised, it was decided to make only relatively minor changes to opposition procedures in the Trade-marks Regulations (1996) and to put aside any more fundamental changes until after there had been an opportunity for detailed consultations. This letter is intended as a first step in carrying out such consultations.

In order to initiate discussions on this subject, I put forward the following possible approach to streamlining the opposition process:

1. In combination with the extended regulatory time limits proposed below, have the Opposition Board cease its current practice of virtually automatic initial extensions of time for each stage of an opposition, and instead adopt a strict practice of only granting extensions where exceptional circumstances are established or the other party consents.
2. Amend section 39 of the Regulations to provide an applicant with 2 months after being forwarded a copy of a statement of opposition to file and serve a counter statement. (This

would shorten the standard time for filing a counter statement to 2 months from the current 4 months which is made up of the 1 month period provided by section 39 and the standard 3 month extension of time.)

3. Instead of the sequential filing of evidence under sections 41 to 43 of the Trade-marks Regulations (1996), amend the regulations to provide both parties with 3 months from the filing and service of the counter statement to simultaneously file evidence-in-chief and then 1 month from the filing and service of the evidence-in-chief to file evidence strictly confined to matters in reply. (This would shorten the period for filing evidence, in the absence of consent or exceptional circumstances, to 4 months from the current 18 months which is made up of 7 months, including a standard 6 month extension, for Rule 41 evidence; 7 months, including a standard 6 month extension, for Rule 42 evidence; and 5 months, including a standard 4 month extension, for Rule 43 evidence.)

4. Amend the regulations to allow affidavits and statutory declarations to be based on information and belief. (This would facilitate the preparation of evidence in the shortened time periods referred to in paragraph 3 above.)

5. Amend subsection 44(2) of the Trade-marks Regulations (1996) to provide for orders for cross-examination to be made only in exceptional circumstances where the need for cross examination has been clearly justified.

6. Amend subsections 46(1) to (3) of the Trade-marks Regulations (1996) to provide both parties simultaneously a) with 2 months from the expiry of the 1 month period for filing and serving reply evidence (referred to in paragraph 3 above) to file a main written argument, and b) with 1 month after the filing and service of the main written arguments to file a further written argument strictly confined to matters in reply.

7. Amend section 46(4) of the Trade-marks Regulations to eliminate oral hearings in most cases and to provide for oral hearings only where the Registrar is satisfied that there are exceptional circumstances that justify the holding of an oral hearing.

8. Amend the Trade-marks Regulations (1996) to clearly allow opposition evidence to be filed by facsimile and to allow all documentation to be served by facsimile. (This would also help the preparation of evidence in the shortened time referred to in paragraph 3 above.)

9. Amend subsection 37(2) of the Trade-marks Regulations (1996) to provide that when service is effected by registered mail it shall be deemed to be effected on the tenth day after it was mailed. (This would correspond to Federal Court Rule 313(2.1) and would ensure that a party's choice to effect service by registered mail does not penalize the party being served in meeting the shorter time limits set out above.)

Under the above proposal, except where the parties agree otherwise, the normal time taken for an opposition proceeding from advertisement in the Trade-marks Journal until the case is ready for decision would be reduced to 12 months, as shown below:

2 months for the opponent to file a statement of opposition; 1 month for the Opposition Board to review and forward the statement of opposition to the applicant; 2 months for the applicant to file and serve a counter statement; 3 months for both parties to file and serve evidence-in-chief; 1 month for both parties to file and serve reply evidence; 2 months for both parties to file and serve their main written arguments; and 1 month for both parties to file and serve reply written arguments.

Where the parties agree between themselves to a longer time frame such as where settlement negotiations are taking place, this would be accommodated within reasonable limits.

You will note that the above discussion proposal does not include any changes to the Trade-marks Act. This approach is suggested since amending the Act would likely take many years, since there appears to be a general desire to make changes to the opposition process in the relatively short term and since it appears that it should be possible to considerably streamline existing opposition procedures without any statutory changes.

In making the above proposal for discussion, it is recognized that there is currently a considerable work backlog at the Opposition Board and that, before implementing any such changes, some means would have to be found for reducing the backlog.

The above discussion proposal refers only to trade-mark opposition procedures but my assumption is that corresponding changes would also be made to the objection procedures for geographical indications established under sections 53 to 61 of the Trade-marks Regulations (1996) since the intention has been to keep these procedures as similar as possible.

I would appreciate receiving, preferably by September 15, 1996, your comments with respect to the above discussion proposal and with respect to any other approach (including for example the use of mediation or arbitration) that you think should be considered for improving the opposition process.

A French version of this letter is attached. For your information, this letter is also being sent to the Canadian Bar Association - Intellectual Property Section; the Canadian Chamber of Commerce; AIPPI, Canadian Group and FICPI, Canada and a copy of this letter is being placed on the CIPO Web Site at <http://info.ic.gc.ca/ic-data/marketplace/cipo/>.

Yours sincerely,

(s) Alan Troicuk,

Counsel to the Canadian Intellectual Property Office

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