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Via email: [Simon.Kennedy@ised-isde.gc.ca](mailto:Simon.Kennedy@ised-isde.gc.ca), [Iyana.goyette@ised-isde.gc.ca](mailto:Iyana.goyette@ised-isde.gc.ca)

Mr. Simon Kennedy  
Deputy Minister  
Innovation, Science and Economic Development  
Canada  
235 Queen Street  
Ottawa ON K1A 0H5

Ms. Iyana Goyette  
Deputy Director, Policy and Legislation, Trademarks  
and Industrial Designs Branch  
Canadian Intellectual Property Office  
Innovation Science and Economic Development  
Place du Portage, Phase 1  
50 Victoria Street  
Gatineau (Québec) K1A 0C9

Dear Deputy Minister and Director Goyette:

**Re: Trademark Examination Backlog and Compliance with Service Fees Act**

I write on behalf of the Intellectual Property Section of the Canadian Bar Association (the CBA Section), concerning the growing backlog of trademark examinations at the Canadian Intellectual Property Office (CIPO), its impact on parties seeking to comply to Quebec's new language law, *An Act Respecting French, the Official and Common Language of Quebec*,<sup>1</sup> as well as CIPO's compliance with the *Service Fees Act*.<sup>2</sup>

The Canadian Bar Association is a national association representing over 37,000 jurists, including lawyers, notaries, law teachers and students across Canada. We promote the rule of law, access to justice and effective law reform, and offer expertise on how the law touches the lives of Canadians every day. The CBA Section deals with law and practice relating to all forms of ownership, licensing, transfer and protection of intellectual property and related property rights, including patents, trademarks, copyright, industrial designs, plant breeders' rights, as well as trade secrets.

Our first issue is that trademark examination delays have reached unacceptable proportions and are getting worse at a rate of roughly 4:1 every month.

Our second issue is that though CIPO is aware of the delays, its refund policy does not permit refunds for failure to examine trademarks in a timely manner. This is inconsistent with how CIPO handles refunds for other types of intellectual property, and with CIPO's obligations under the *Service Fees Act*.

Timeliness for trademark examination must improve, and in the absence of improvement, CIPO must at the very least issue the refunds that are required by law.

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<sup>1</sup> *Respecting French, the Official and Common Language of Quebec*, SQ 2022, c 14.

<sup>2</sup> *Service Fees Act*, SC 2017, c 20, s 451.

The CBA Section proposes that CIPO adopt an 18-month timeline for first examination of direct-filed trademark applications. This timeline is similar to the mandatory timeline for Madrid applications. If complex international trademark applications can be consistently examined in less than 18 months, domestic trademark applicants deserve similar service guarantees.

### **Unacceptable Delays in Trademark Examination at CIPO**

CIPO's 2023-2028 business plan acknowledges that there are "significant turnaround time challenges in its trademark operations," such that there is now a "sizeable backlog" in unexamined trademarks.<sup>3</sup> The scale of the problem is larger.

As of February 23, 2023, CIPO was examining trademarks filed on March 20, 2019,<sup>4</sup> four years earlier. Someone who filed a trademark four years ago is only now receiving trademark examination services. Depending on the number of issued office actions, the ultimate registration of the mark is anywhere from several months to a couple of years away.

CIPO's current 47-month delay is higher than the timelines for peer trademark offices. For example, the US Patent and Trademark Office (USPTO) currently has a delay of 8.4 months to the first office action.<sup>5</sup> Comparisons to other jurisdictions are less flattering: the European Union Intellectual Property Office (EUIPO) takes an average of one to two months to issue a first office action.<sup>6</sup> Canada is an outlier.

The current examination delays cannot be blamed on the pandemic. Canada has long had timelines to first examination that are much longer than peer jurisdictions. In early 2020, prior to the onset of the pandemic, first office actions were being issued 18-24 months after trademarks were filed.

It is troubling to the CBA Section that CIPO is failing to make any progress on these deadlines. In fact, they are getting worse at a rate of 4:1. For every four months of real time, CIPO examines only one month's worth of trademark applications, falling further behind every month. To illustrate:

- On November 11, 2022, CIPO was examining trademarks filed on March 1, 2019.<sup>7</sup>
- On December 2, 2022 (three weeks later), CIPO was examining trademarks filed on March 8, 2019 (i.e. roughly one week of progress in three weeks' time).<sup>8</sup>
- On January 8, 2023 (another four weeks later), CIPO was examining trademarks filed on March 19, 2019 (again, roughly one week's progress for every 3-4 weeks of real time).<sup>9</sup>
- On February 16, 2023 (five weeks later), CIPO was examining trademarks filed on March 20, 2019 – only a single day of progress despite more than a month passing since January 8.<sup>10</sup>

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<sup>3</sup> CIPO, [2023-2028 Business Strategy](#) at 13.

<sup>4</sup> CIPO currently has three streams for trademark examination: (i) direct trademark filings that do not use the pre-approved goods and services list; (ii) direct trademark filings that do use CIPO's pre-approved goods and services list; and (iii) indirect filings via the Madrid Protocol. Stream (i) is responsible for the vast majority of the delays in trademark examination, and is the focus of this letter.

<sup>5</sup> USPTO [Current Trademark Processing Wait Times](#). The 8.4 month waiting time is below the USPTO's target of 8.5 months, and yet the USPTO indicates that it is considered "longer than usual". This is an admirable commitment to not only meeting, but exceeding, administrative timeline targets.

<sup>6</sup> EUIPO [2020 Annual Report](#) at page A.3 (first office actions issued in 1.5-1.8 months); EUIPO [2021 Annual Report](#) at page A.3 (first office actions issued in 1.6-1.8 months).

<sup>7</sup> Archive.org [capture of CIPO website](#) for November 11, 2022.

<sup>8</sup> Archive.org [capture of CIPO website](#) for December 2, 2022

<sup>9</sup> Archive.org [capture of CIPO website](#) for January 8, 2023.

<sup>10</sup> Archive.org [capture of CIPO website](#) for February 16, 2023.

In summary, from November 11, 2022 and February 16, 2023 – more than three months – CIPO moved from examining trademarks filed on March 1, to those filed on March 20.<sup>11</sup> The backlog actually grew by more than three months over this period.

As a result of this slow pace of examination, the backlog of unexamined trademarks is growing steadily, rather than shrinking over time. CIPO is presiding over a deteriorating situation.

In our view, four years is an unacceptable timeline for trademark owners to wait for examination. It causes frustration for domestic clients, who must wait years for rights that they could obtain in a matter of months if they filed abroad. Business realities may change in four years, making the application no longer commercially relevant by the time it matures into registration. Long pendency also means that bad-faith or opportunistic trademark applications clog up the register for years at a time. Long delays discourage use of the Madrid Protocol by Canadian businesses since the fate of international applications is tied to the successful registration of the Canadian application.

As mentioned in our October 6, 2022, letter<sup>12</sup> to CIPO, this backlog will cause many parties doing business in Quebec to run afoul of Quebec's language law, *An Act Respecting French, the Official and Common Language of Quebec*.<sup>13</sup> as of June 1, 2025 (as they will be using a trademark in a language other than French without the benefit of a federal registration).<sup>14</sup>

Additionally, where a Canadian company's foreign trademark rights depend on local registration (for example, a US trademark application that is filed based on use and registration of the same mark in Canada), the delay in Canadian prosecution generates hundreds or thousands of dollars in extra costs, since the US application must be suspended while waiting for the Canadian trademark to issue, and these suspension requests must be purchased every six months from the USPTO.<sup>15</sup>

Foreign trademark applicants who use direct filing are frustrated and confused. They cannot understand why a process that takes less than a year in their home country requires four years in Canada. These are valid concerns. And there is no good explanation that Canadian lawyers and trademark agents can offer to their foreign clients.

The current four-year delay for domestic filers also contrasts unfavorably with how CIPO handles foreign trademark applications filed via the Madrid Protocol. These applications must be examined within 18 months of national entry. CIPO is currently meeting those deadlines. There is no reason why foreign trademark applicants should systematically receive examination in 18 months, while domestic trademark applicants systematically wait for 47 months.

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<sup>11</sup> The situation is somewhat better for domestic marks, which use the pre-approved list of goods and services. In the same three-month period (November 11, 2022, to February 16, 2023) CIPO examined marks from February 21, 2021 to June 29, 2021 (roughly a four month period). The result is a small reduction in the backlog, but at that rate (3:4), it will take until 2027 (three years) to reduce the backlog from the current 20 months to the 8-month period enjoyed by US trademark applicants.

<sup>12</sup> [Public consultation on a new trademark practice notice](#), (CBA: Ottawa, 2022)

<sup>13</sup> S.Q. 2022, c.14

<sup>14</sup> This is particularly problematic due to harsh sanctions under the amended law, which can reach \$30,000 per day of non-compliance, and can now lead to personal liability of directors.

<sup>15</sup> The USPTO fee is \$125 USD. US trademark lawyers charge \$100-200 for a request for an extension and the associated administrative and docketing work. So each six-month delay costs roughly \$250 USD (\$340 CAD at current exchange rates). If a US and Canadian trademark application are filed at the same time, the US application will be examined in 8 months, when the Canadian application still has more than three years of delay before examination. Purchasing 5-6 extensions has a total cost of \$1,500-2,000 CAD. In other words, delays in Canada can create prohibitive cost barriers to Canadian firms seeking trademark protection in the US, our largest export market.

The CBA Section acknowledges that CIPO has introduced an accelerated examination program and is making some progress in reducing the backlog of applications composed entirely of pre-approved goods and services descriptions. These programs were developed as a reaction to the slow speed of examination and do not address the central problem. Instead, they attempt to relieve a portion of trademark applicants from the problem. Nor are these programs available to all trademark applicants: there are strict conditions for accelerated examination, and the fast track for applications using pre-approved goods and services is very restrictive, since CIPO's *Goods and Services Manual* is not exhaustive of all goods and services a trademark applicant might wish to include in their application.<sup>16</sup>

The CBA Section is grateful for these programs, and agrees that they must continue, but emphasizes that they treat the symptoms, not the cause, of the problem.

### **CIPO Refund Program Fails to Comply with the *Service Fees Act***

The *Service Fees Act* was enacted in 2017, and applies to CIPO, including CIPO's trademark examination services.<sup>17</sup> The *Act* requires CIPO to develop and implement a fee refund program that is consistent with the Treasury Board's policies for such programs.<sup>18</sup>

Treasury Board policies require CIPO to establish a fee refund program based on appropriate considerations, including the degree to which a given service standard is not met, the impact of not meeting the service standard on the user, and any role the user may have played in the failure to meet the service standard.<sup>19</sup>

CIPO has not established a fee refund program for trademark examination.<sup>20</sup> There are currently no service standards for timely trademark examination. CIPO's trademark service standards list 19 different services, yet trademark examination is not one of them.<sup>21</sup> CIPO has refrained from making any refund commitments if it fails to examine trademarks in a timely manner.

This is inconsistent with how CIPO treats examination of other types of intellectual property. For example:

- the client service standard for patent examination is 20 months for regular examination, or seven months for expedited examination.<sup>22</sup>
- the client service standard for industrial designs is 21 months for regular examination, or 12 months for accelerated examination.<sup>23</sup>

<sup>16</sup> Indeed, the *Manual* generally lags far behind technological progress, which means that Canada's most innovative companies are generally least able to benefit from the fast-track examination stream. For instance, a handful of "cloud computing" services were added to the *Manual* in 2012. After a decade-long gap, other cloud computing services were added in 2021-2022. The cloud computing industry existed before 2012, and yet there were no pre-approved items. Similarly, the industry was in constant evolution between 2012 and 2022, yet the *Goods and Services Manual* remained static. The *Manual* failed to keep pace with technological change and innovation.

<sup>17</sup> [Service Fees Act](#), SC 2017, c 20, ss 2(1) s.v. "fee", 3-7.

<sup>18</sup> [Service Fees Act](#), SC 2017, c 20, s 4.

<sup>19</sup> Treasury Board, [Directive on Charging and Special Financial Authorities](#) at 4.2.

<sup>20</sup> The structure of CIPO's refund program is complex, so it is summarized here for convenience. Innovation, Science, and Economic Development Canada (ISED) has a general [Service Fees Remission Policy](#). CIPO's service fee remission policy is set out in part in a [Program Annex](#) to the ISED policy. The balance is in CIPO's [Client Service Standards](#). The CIPO Program Annex and CIPO Client Service Standards must be read together to understand the refund program: if CIPO misses the applicable service standard deadline by less than 50% of that deadline, CIPO will refund 25% of the applicable service fee. If CIPO misses the deadline by more than 50%, it will refund 50% of the fee.

<sup>21</sup> CIPO, [Client Service Standards](#), Trademarks.

<sup>22</sup> CIPO, [Client Service Standards](#), Patents, at items 10 and 12.

<sup>23</sup> CIPO, [Client Service Standards](#), Industrial Designs, at items 1 and 10.

CIPO understands the importance of timely examination for patent and industrial designs, since it established clear examination timelines and a refund program if those timelines are not met. If patent or industrial design applicants do not receive timely examination, CIPO will compensate them.

Trademark applicants are equally entitled to protection under the *Service Fees Act* and the Treasury Board *Directive on Charging and Special Financial Authorities*. Given the endemic delays, they are arguably in need of even greater protection than other intellectual property applicants.

By omitting this critical step in the trademark application process, CIPO's fee refund program does not comply with the legal requirements. It also reflects a broader trend identified by the Parliamentary Budget Office, that government agencies "usually set the bar not too high so that it doesn't look too easy but neither too low. It's fairly easy to achieve most of the time,"<sup>24</sup> rather than setting standards that reflect the real-world needs of their clientele. Resolving the trademark examination backlog will not be easy, but that is no reason to deny refunds to the affected parties. CIPO should adopt a client service standard for trademark examination, as it has for patent and industrial design examination.

Adopting this standard is required for consistency and compliance with the *Service Fees Act*. It is also necessary given the serious impact that delay has on trademark applicants, which is an express consideration under applicable Treasury Board policies. We outlined above the negative impacts of delay on trademark applicants from a business perspective. Three additional points can be made:

1. Trademark applicants do not gain retroactive legal rights for the period before trademark registration. Patent applicants can claim "reasonable compensation" for activities that occur before the patent is granted.<sup>25</sup> Delay in trademark examination results in greater loss of rights for trademark applicants than for patent applicants. As a result, CIPO should be more aggressive to deal with (and compensate) trademark prosecution delays.
2. Trademark examination delays in Canada discourage use of the Madrid Protocol by Canadian businesses, since their marks may receive objections several years after they were filed, and any change to the Canadian trademark's scope must be reflected in the international applications based on the Canadian mark. If the Canadian mark is ultimately refused, either by CIPO examiners or due to an opposition in Canada, the mark's owner loses the benefit of the Madrid Protocol in every other country that relied on the Canadian filing. Shorter examination times in other countries means that owners will know quickly whether their marks are vulnerable to a "central attack" of this nature, whereas in Canada, the uncertainty persists for four years.
3. The adverse impact of failing to secure a timely registration to comply with Quebec's new language must also be taken into account under the *Service Fees Act*. We drew CIPO's attention to this issue last October and this has not resulted in any change to CIPO's practices in the field of trademarks, or any commitment to do so.

## Conclusion

We have outlined two pressing issues for CIPO: a four-year delay in examining trademark applications and the absence of a fee refund program to issue refunds to trademark applicants affected by these delays. The co-existence of these issues is troubling since CIPO receives much larger trademark application fees than in the past, with the June 2019 adoption of per-class filing fees under the *Nice Convention*. CIPO is also currently seeking large increases in its trademark application fees. (It is also to be noted that the government's 2023 budget proposes amendments to the *Patent Act* to ensure patents are issued in a timely manner. There is unfortunately no such commitment for trademarks.)

<sup>24</sup> [Testimony](#) of Parliamentary Budget Officer Yves Giroux to Senate National Finance Committee, February 7, 2023.

<sup>25</sup> *Patent Act*, RSC 1985, c P-4, s 55(2).

The CBA Section hopes that with these additional resources, CIPO can address the trademark backlog which has existed for many years. We believe a government agency seeking additional fees from the public would ensure that those fees are covered by an appropriate refund policy under the *Service Fees Act*.

To remedy this situation, the CBA Section proposes that CIPO establish a Client Service Standard for the first examination (or notice of allowance) of a direct-filed trademark application. This timeline could be 18 months. Adopting an 18-month period still gives CIPO an examination timeline more than double the USPTO's target examination deadline of 8.5 months. The timeline is reasonable considering the lower complexity of trademark applications, compared to patent and industrial design applications. An 18-month limit is aligned with Canada's 18-month examination requirement under the Madrid Protocol. Domestic trademark applicants should be entitled to the same service standards as international applicants under the Madrid Protocol.

With an 18-month target, trademark applicants would be entitled to a 25% refund if the target is missed, and a 50% refund if it takes CIPO more than 27 months to examine their trademark. This offers a modest level of fee relief if CIPO fails to examine trademarks in a timely manner.

This policy should apply to marks already filed, not just proactively.<sup>26</sup> Trademark applicants who have been waiting two, three and four years for examination of their mark deserve a refund of fees paid in 2019, 2020 and 2021. CIPO's current "trademark recovery plan" aims to achieve reasonable examination timelines only by 2026.<sup>27</sup> It would be regrettable if trademark applicants prior to 2026 were subject to unacceptable delay without any fee refund.

The steps required to reduce examination timelines are more complex and exceed the scope of this letter. The CBA Section would be pleased to continue discussing pragmatic solutions with CIPO and the other agencies copied on this letter. But at the very least, we suggest CIPO act now to comply with its obligations under the *Service Fees Act*.

Yours truly,

*(original letter signed by Julie Terrien for Faylene Lunn)*

Faylene Lunn  
Chair, Intellectual Property Section

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<sup>26</sup> CIPO's current refund policy states that if the policy is revised, CIPO will apply the version in force when the relevant fee was paid (CIPO [Program Annex](#) at 4.1). While this is generally a reasonable approach, it would not be fair here, in that trademark examination fees should not have been omitted from CIPO's fee refund policy, and users most affected by the delay are those who paid fees the longest time ago.

<sup>27</sup> CIPO, [2023-2028 Business Strategy](#) at 11. Based on progress to date, CIPO is on track to meet that deadline only in 2027, and only for applications filed using the pre-approved list of Goods and Services. There is no chance at all that CIPO will meet this deadline for applications filed without using the pre-approved list, since those delays are increasing, rather than decreasing, with time.