

Intellectual Property Institute of Canada (IPIC) Submission on Bill C-86: A second Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures

Submission to the
Standing Committee on Finance (FINA)

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INTRODUCTION

The Intellectual Property Institute of Canada (IPIC) is the professional association of patent agents, trademark agents and lawyers practicing in all areas of intellectual property law. Our membership totals over 1,700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members' clients include virtually all Canadian businesses, universities and other institutions that have an interest in intellectual property (e.g. patents, trademarks, copyright and industrial designs) in Canada or elsewhere, as well as foreign companies who hold intellectual property rights in Canada.

IPIC is pleased to have the opportunity to provide our feedback on *Bill C-86: A second Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures*.

We want to begin by commending this government for their leadership and foresight in developing the first National IP Strategy for Canada. Creating a policy and regulatory environment in Canada that rewards businesses who invest in and protect their intellectual property rights is of the utmost importance to the future of the Canadian Economy.

We also want to convey our appreciation to Innovation, Science and Economic Development Canada for their efforts over the last two years to consult with stakeholders including our profession on both the National IP Strategy and various policy changes that culminated in what was announced this past spring, and what is in front of us today in Division 7 of Bill C-86.

While IPIC is very supportive of this legislation moving forward, as an organization of professionals whom interpret the wording of policy and regulations each and every day on behalf of our clients, we do have some suggested amendments to the specific wording of the provisions in Bill C-86 that we feel would improve the Bill and ensure specific sections achieve the intended outcomes of the government when used in practice.

PROPOSED AMENDMENTS TO SUBDIVISION D – NEW COLLEGE OF PATENT AGENTS AND TRADE-MARK AGENTS ACT

1. DIVISION 7, SUBDIVISION D – THE COLLEGE OF PATENT AGENTS AND TRADE-MARK AGENTS ACT

Currently section 14 (d) prevents IPIC members who have sat on one of our committees in the preceding 12 months from being eligible to sit on the College Board of Directors or leadership role for the College. It also excludes those who have been volunteers for other organizations representing our profession, such as the Canadian Bar Association, the International Federation of Intellectual Property Attorneys (FICPI), or the International Association for the Protection of Intellectual Property (AIPPI) among many others.

IPIC alone has more than 400 member volunteers sitting on 37 committees, which represents almost 25% of its membership. These are the profession's most engaged members and often the most senior and most knowledgeable members of the profession. Once that fact is considered, along with the numerous other members of the profession volunteering in other professional organizations, it leaves an extremely small pool of candidates who would have the appropriate depth of experience and knowledge to sit on the College Board. Moreover, if a member of the profession has not volunteered with any of their professional associations for a 12 month period, the likelihood of that person having an interest in establishing the future regulation of their profession by volunteering with the College is likely to be extremely low.

We also see this requirement as preventing the College from choosing the best candidates to fulfill their mandate. For example, this restriction prevents IPIC members who sit on our education committees from supporting the College in establishing continuing professional development policies, or committees that have worked for years on developing and maintaining a modern and robust Code of Conduct for the profession from leading similar activities for the College. Similarly, even members of our litigation committee that advise the Federal Court of Canada on issues that pertain to IP litigation would be excluded from supporting the College in this regard.

This rule is also inconsistent with other comparable professions. The Law Society of Ontario, for example, does not have such a restriction and, in fact, encourages their board members to be involved in multiple organizations believing that this type of involvement is an asset and does not create an actual or perceived conflict of interest.

We request that Section 14 (d) be removed in its entirety, or at a minimum be amended as follows, which would allow individuals with the most important sets of knowledge and experience for the needs of the College to be selected for leadership positions:

14 (d) were, within the preceding 12 months a member of a governing body ~~or a committee~~ of an association referred to in paragraph (c).

2. DIVISION 7, SUBDIVISION D – THE COLLEGE OF PATENT AGENTS AND TRADE-MARK AGENTS ACT

Section 33 (1) of the College legislation requires the inclusion of the profession’s code of conduct in regulations.

IPIC views a code of conduct as a living, breathing document, and given the rapid pace of change in the innovative industries and the IP profession, we believe it is more effective for the Code to live outside of the strict requirements of regulation.

Although there is some precedent, it is extremely rare for a profession’s rules of professional conduct, or Code, to be written into regulation. In almost all cases in Canada where the code is necessarily very complex to reflect the multifaceted nature of work being conducted by a profession, the Code is created through the by-laws by the College, as approved by their Board.

There are already several provisions that establish strong oversight for the Minister, such as a majority of public seats on the College’s board being appointed by the Minister, the ability remove any director for any reason, or even to require the Board to do anything he feels is necessary to carry out the purpose of the Act.

Our recommendation is to allow the code to exist as a bylaw or some form outside the actual Regulations to the grant the College the flexibility to react to the public interest by amending the Code in a timely and efficient manner.

This could be done by amending section 33(1) and (2) as follows:

33(1) The Minister must, ~~by regulation~~, establish a code of professional conduct for licensees.

(2) Only the Board may, ~~by regulation and~~ with the Minister’s prior written approval, amend or repeal the ~~regulations establishing the code~~.

3. DIVISION 7, SUBDIVISION D – THE COLLEGE OF PATENT AGENTS AND TRADEMARK AGENTS ACT

IPIC notes that the definitions of “*patent agent*” and “*trademark agent*” in Section 2 of Subdivision D, include agents in training. As a result, proposed Sections 26, 30, and others appear to entitle both

agents and agents in training to represent clients before the Canadian Intellectual Property Office. This seems to go against the need for protection of the public in that only qualified agents, i.e. those individuals that successfully completed the qualifying examinations, be allowed to represent clients.

Our recommendation is to amend the definition section of the proposed legislation to provide separate definitions for “*patent agent*” and “*patent agent in training*”. Likewise, we recommend the same amendment for the definitions of “*trademark agent*” and “*trademark agent in training*”.

PROPOSED AMENDMENTS TO EXISTING IP LEGISLATION

1. DIVISION 7, SUBDIVISION A – AMENDMENTS TO THE PATENT ACT

Sections 52.1 (Standards Essential Patents); 53.1 (Admissibility of patent prosecution histories); 55.3 (Experimentation); 56 (Prior Use); 76.2 (Written Demands)

Our members understand and appreciate the desire to address these issues, but after reading the proposed sections in the past week, members view these proposed sections as unintentionally lessening existing rights of patent owners. Some of the concerns we have received are outlined below, and IPIC’s position is that these sections, which have now been presented, would benefit from further consultation to ensure certainty for patent owners and to ensure that public policy objectives are optimally met.

- The introduction of prosecution histories into judicial proceedings alters years of judicial precedent, and the deemed extension to file histories of divisional applications appears to be unnecessarily broad since divisional applications are directed to different inventions.
- The provision regarding experimental use rights is not limited to scientific use, and may deprive patent owners the ability to control unauthorized commercial experimentation.

At a minimum, IPIC recommends that the coming into force dates, as outlined below, be addressed.

Coming into force dates for new sections 52.1, 53.1, 55.3

By having these provisions immediately come into force without a transition period, they will impact any pending legal proceedings. Leaving aside the logistic and procedural problems for litigants who are close to trial, the introduction of new evidence may result in loss of a trial date or may require additional hearings. This unintended consequence of an early coming into force date could also adversely impact the rights of patent applicants who may have chosen a particular prosecution strategy with the current rules in mind.

If these sections are retained, IPIC recommends introducing a transitional provision for these sections that allows sufficient time for these in-process IP practice activities to run their course.

2. DIVISION 7, SUBDIVISION B – AMENDMENTS TO TRADE-MARKS ACT

In general, IPIC is supportive of the government’s effort in Bill C-86 to re-establish the importance of use of trademarks. We are encouraged by the efforts to curb issues with trademark trolling that have arisen from changes in recent years to the *Trade-marks Act*, removing the requirement to show use of a trademark during the registration process.

However, IPIC believes the more effective approach to preventing trademark trolling would be to reintroduce a legislative requirement to show trademark **use during the registration process**.

Another area of the amendments to the Trade-Marks Act in Bill C-86 that we feel would benefit from an amendment would be Section 217 (2), Section 221, and Section 222 which introduce the ability to award costs in opposition proceedings. This is generally welcomed by IPIC but should be limited to clear cases of abuse of process or rights. Adding a risk of exposure for costs in routine cases, on top of the costs associated with pursuing or defending an opposition, will not necessarily deter large corporations from engaging in the process but would have a significant impact on small business and individual applicants.

3. DIVISION 7, SUBDIVISION H – COPYRIGHT ACT (COPYRIGHT BOARD REFORM)

We understand that Bill C-86 is intended to clarify the law regarding collective administration of copyright, but in one possibly unintentional way, it actually changes existing law. This should be corrected.

This is with respect to the statutory damages remedy for collective societies. Sec. 38.1(4) of the *Act* currently allows courts to award statutory damages in the amount of three to ten times the applicable royalty rate to collectives that administer performance royalties for musical works and sound recordings of those works. This is an important enforcement mechanism, because it encourages music users to pay the tariff amounts owing rather than force a collective to pursue costly litigation to recover those amounts.

When Parliament created rights in sound recordings in the 1997 *Copyright Act* amendments, it grouped the new sound recordings collective together with the musical works collective under Section 67 of the *Act*. It also created this new statutory damages enforcement mechanism, which it applied to all Section 67 collectives. This is clear not only from the plain language of sec. 38.1(4), but also from the Government Fact Sheet that accompanied it.^{[\[1\]](#)}

Bill C-86 has amended the statutory damages mechanism, removing the entitlement for collectives that license sound recordings. We understand that this may be due to a misunderstanding that this enforcement tool has only been used by collectives, such as SOCAN, which represent rights holders in

musical works. However, in the two decades since it was enacted, this enforcement tool has been used regularly by Re:Sound to enforce rights in sound recordings which it administers. Courts have repeatedly enforced Re:Sound’s remedies under this provision, and the Copyright Board has expressly cited them.

Evidence that this mistake is inadvertent comes from the fact that Bill C-86 allows this mechanism for “performers performances” of musical works, but as a practical matter, performers’ rights are exercised through Re:Sound, which is the **sole collective** designated by the Copyright Board to collect on behalf of performers. As such, if sound recordings are out, performers are out, and the enforcement mechanism simply cannot operate as drafted.

This unintentional omission can be corrected simply by adding “sound recordings” to the subject matter covered in proposed section 38.1(4.1) of the Act.

[1] <https://web.archive.org/web/20111201195308/http://www.ic.gc.ca/eic/site/ippd-dppi.nsf/eng/ip00090.html>