



**Canadian  
Intellectual Property  
Office**

An Agency of  
Industry Canada

**Office de la propriété  
intellectuelle  
du Canada**

Un organisme  
d'Industrie Canada



# Intellectual Property Innovation on a Global Scale

ANNUAL REPORT 2001-2002

**Canada** 







**ANNUAL REPORT 2001-2002**

# **Intellectual Property**

Innovation on a Global Scale

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# Vision, Mission and Values

## **Vision**

To be a leading intellectual property office recognized for excellence in our products and services and for strengthening Canada's innovative capacity, through ongoing quality improvement, continuous development of our employees and adherence to our values.

## **Mission**

To accelerate Canada's economic development by:

### **FOSTERING**

the use of the intellectual property (IP) system and the exploitation of IP information;

### **ENCOURAGING**

invention, innovation and creativity in Canada;

### **ADMINISTERING**

the IP system in Canada (patents, trade-marks, copyrights, industrial designs and integrated circuit topographies); and

### **PROMOTING**

Canada's international IP interests.

## **Values**

Integrity

Fairness

Respect

Efficiency

Trust

Continuous improvement



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An Agency of  
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intellectuelle  
du Canada**

Un organisme  
d'Industrie Canada

## Our Client Service Commitment

### By Telephone

We answer your call with courtesy and efficiency and, if necessary, refer you to the appropriate officer to deal with your enquiry in the official language of your choice.

We record all voice mail greetings clearly and bilingually. We provide an alternative number for immediate contact.

We listen to voice messages at least once a day and return your call by the end of the next business day.

### In Person

We greet you within three minutes in the official language of your choice, during normal business hours.

We direct you to a person competent to deal with your enquiry within the next five minutes.

We ensure that you meet with a specialist within 20 minutes of your arrival.

### General Mail

We correspond with you in the official language of your choice.

We reply to your mail within four weeks of receipt or explain the reason for the delay.

### Suggestions

We invite you to comment on our services and to offer suggestions for improvement.

If you wish to ask questions or have a complaint and cannot resolve the problem with the person you have been dealing with, you can speak to the supervisor or director.

If you feel that the supervisor or director has not dealt with the issue to your satisfaction, you may call or write and we will respond within 10 working days.

*If you like the service you receive,  
let us know!*

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## List of Acronyms and Initialisms

<b>APEC</b>	Asia-Pacific Economic Cooperation
<b>CIPO</b>	Canadian Intellectual Property Office
<b>CRM</b>	Client Relationship Management
<b>CSC</b>	Client Service Centre
<b>DCA</b>	Deferred capital assistance
<b>EPO</b>	European Patent Office
<b>FTAA</b>	Free Trade Area of the Americas
<b>IP</b>	Intellectual property
<b>IPEA</b>	International Preliminary Examining Authority
<b>ISA</b>	International Searching Authority
<b>IT</b>	Information technology
<b>JPO</b>	Japan Patent Office
<b>PCT</b>	Patent Cooperation Treaty
<b>PLT</b>	Patent Law Treaty
<b>SOA</b>	Special operating agency
<b>TMOB</b>	Trade-marks Opposition Board
<b>USPTO</b>	United States Patent and Trademark Office
<b>WIPO</b>	World Intellectual Property Organization
<b>WTO</b>	World Trade Organization





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## Message from the CEO



The world of intellectual property (IP) continues to reflect rapid scientific and technological advances and to be shaped by global economic trends and ground-breaking jurisprudence.

The creativity, knowledge and skill that drive innovation are harnessed into wealth creation, productivity and growth through the IP system. An integral part of the infrastructure supporting *Canada's Innovation Agenda*, the IP system enables registered owners of IP rights to protect their investments in innovation. It also provides a lever for financing, which is especially important for small to medium-sized enterprises. IP assists in the commercialization of the results of research and development (R&D) by facilitating licensing, strategic alliances and growth. Leading-edge, highly innovative industries increasingly rely on IP to improve their competitive advantage. Encouraging more Canadian citizens and companies to effectively use IP — a goal for the Canadian Intellectual Property Office (CIPO) and its partners — complements the government's strategy to encourage substantial growth in R&D spending and subsequently, increased IP rights vested in Canadian citizens and organizations.

CIPO must provide leading-edge, high-quality services if it is to remain in step with the innovators who are its *raison d'être*. Increased worldwide competition for IP services underlies CIPO's key thrusts over the last year — improving the quality and accessibility of its services and preparing to take on a larger role in the global IP marketplace.

CIPO's vision statement continues to be relevant and to drive both staff and management toward meeting the challenges of the future. It is:

*To be a leading intellectual property office recognized for excellence in our products and services and for strengthening Canada's innovative capacity through ongoing quality improvement, continuous development of our employees and adherence to our values.*

CIPO is committed to delivering on this vision, with a focus on improving its services and, given international developments in the IP field, more actively promoting Canada's IP interests in the global community.

A handwritten signature in black ink, which appears to read "David Tobin". The signature is fluid and cursive, with a prominent loop at the end.

David Tobin  
Commissioner of Patents,  
Registrar of Trade-marks and  
Chief Executive Officer

## Introduction

The Canadian Intellectual Property Office (CIPO) is a special operating agency (SOA) of Industry Canada with a growing work force of approximately 720 employees. CIPO's mandate is derived primarily from legislation — the *Patent Act*, *Trade-marks Act*, *Copyright Act*, *Industrial Design Act* and *Integrated Circuit Topography Act* — and associated regulations. A revenue-generating agency, CIPO is financed through a revolving fund (rather than by Parliamentary appropriations) drawn entirely from fees for intellectual property (IP) services provided. CIPO's status as an SOA gives it greater financial, personnel and administrative flexibility, allowing it to focus on service quality and respond to evolving client needs.

CIPO has two core functions: to confer ownership or recognition of IP rights in exchange for public disclosure of the creativity and processes behind that property, and to ensure that the wealth of data and strategic information derived from these innovations is disseminated to Canadians.

CIPO's mission is to accelerate Canada's economic development by:

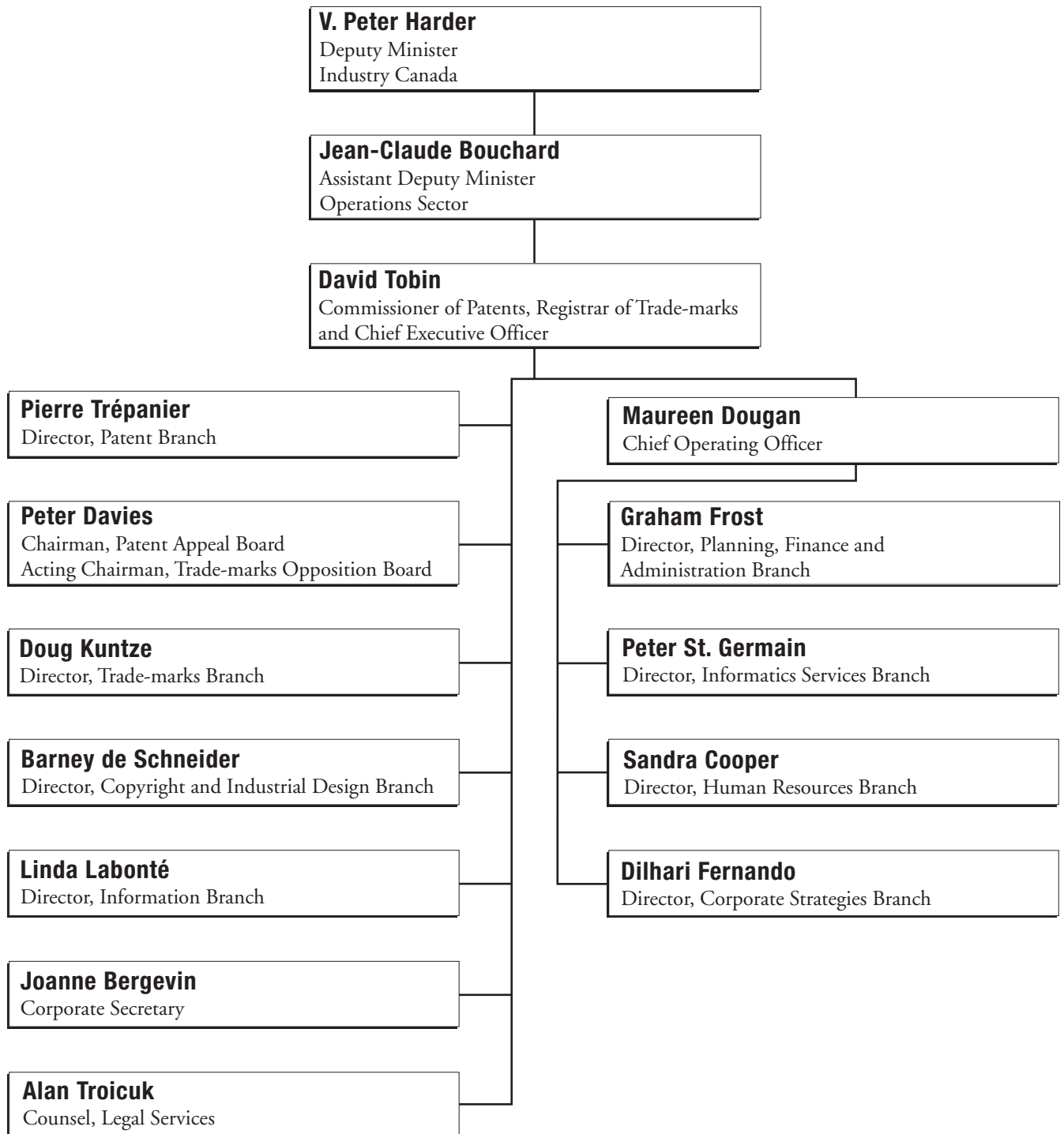
- administering the IP system in Canada;
- encouraging invention, innovation and creativity in Canada;
- fostering the use of the IP system and the exploitation of IP information; and
- promoting Canada's international IP interests.

CIPO has several distinct client groups:

- applicants for IP protection;
- agents representing applicants;
- exploiters of the IP system; and
- the Canadian business community.

The organization is headed by a Chief Executive Officer, with a Chief Operating Officer and a team of directors bearing responsibility for corporate functions and product lines.

# Organizational Structure





## Section 1 The Year's Highlights

# A Dynamic and Changing Environment

### Accelerating Demand

The global, knowledge-based economy of the 21st century depends on innovation and the investments countries make in promoting the creativity and talents of their citizens. In recent years, IP — a pillar of the knowledge economy — has grown substantially in importance and profile. It is a fundamental lever of public policy, plays a pivotal role in stimulating economic growth and enhances social welfare on a global scale. The timely granting of IP rights supports and encourages innovation and the creative spirit.

IP offices around the world are facing increased demand for products and services. Patent applications have risen at unprecedented rates worldwide, leading to growing backlogs and workloads for national IP offices everywhere, including in Canada. In 2001, Canada received 40 000 patent applications, an increase of almost 50 percent from the number received five years earlier. In addition, applications are becoming more complex; 10 years ago biotechnology-related applications were not recorded as a separate category, but today they make up 10 percent of requests for examination.

### Global Harmonization

IP offices around the world recognize the need to adapt the IP system to better deal with growing demand. Over the past five years, CIPO has played an important role in simplifying international administrative procedures, a process that culminated in the signing of the Patent Law Treaty (PLT) in May 2001.

International discussions over the past year have focused on making the international IP system more efficient through substantive changes such as greater harmonization of laws, standards and practices. Much of this discussion is under way in the World Intellectual Property Organization (WIPO), a United

Nations agency based in Geneva. The challenge for CIPO is to participate in these discussions to ensure that its interests as a medium-sized office continue to be taken into consideration.

### Service Quality

The increasing demand for IP services has led CIPO to examine the timeliness and quality of its services and commit to strengthening its capacity to be a global provider of timely, high-quality IP services and products.

To better address this mounting workload, CIPO has put into place a focused system of service improvements.

### Human Resources

CIPO's ability to respond to the needs of its clients hinges on its ability to recruit and retain highly-qualified personnel, who are scarce in today's competitive labour market. Over the past year, CIPO has focused on developing a human resources strategy to better focus attention on key areas such as recruitment, retention, training and continuous learning.

### Awareness of IP

More than 85 percent of CIPO's patent applications and approximately 55 percent of its trade-mark applications are filed by clients external to Canada. There are many explanations for this pattern, including the international character of the IP system. A goal for CIPO and its partners is to see more Canadian citizens and businesses (particularly small and medium-sized enterprises) become aware of and knowledgeable about IP, and use it as a stimulus for innovation and competitive advantage.

### Implementing Baldrige

CIPO conducted a self-assessment against the Baldrige Criteria for Performance Excellence in October 2000. In its quest to become a world-class organization, CIPO continues to implement the recommendations stemming from the Baldrige exercise.



## Government-wide Initiatives

Implementing government-wide initiatives such as Government On-Line (a strategy to provide electronic access to all essential information and services by 2003) is a key commitment and challenge for CIPO. CIPO must also ensure that management principles are consistent with the modern comptrollership initiative, which integrates financial and non-financial performance measurement, sound risk management, and appropriate control systems and management policies. One of CIPO's key thrusts — citizen-centred service delivery — is based on the government's *Results for Canadians* commitments.

## Implementing CIPO's Renewed Vision and Strategic Priorities

Fiscal year 2001-2002, the second year of CIPO's renewed five-year business plan and new vision, saw a critical transition as the foundation for a long-term business strategy was put in place. Two key elements of this strategy included: strengthening CIPO's client focus and positioning the organization internationally.

The findings from the following two initiatives were particularly important in shaping the strategy:

- a client satisfaction survey completed in the winter of 2001; and
- an examination of CIPO's role as a mid-sized office in the domestic and international environment, completed in December 2001.

## CIPO's Vision

To be a leading intellectual property office recognized for excellence in our products and services and for strengthening Canada's innovative capacity through ongoing quality improvement, continuous development of our employees and adherence to our values.

## Strategic Priorities

- To deliver high-quality, timely and cost-effective products and services that meet clients' needs.
- To position CIPO to thrive in a changing domestic and global environment within a modern and responsive IP framework.
- To deliver a sustainable outreach program that will increase the awareness, knowledge and effective use of IP by Canadians.
- To attract and retain a qualified and productive work force capable of meeting CIPO's business challenges.
- To operate as a world-class business management regime.

## Building Service Capacity — A Stronger Client Focus

CIPO uses more than 70 service standards as benchmarks against which it measures and reports on its performance in meeting service commitments (see Client Service Standards, page 47). CIPO's commitment to service excellence and becoming a world-class IP office underscores the need to ensure that client needs and client satisfaction help establish the priorities for improving services. CIPO's service improvement strategy defines the key areas to be looked at in approaching service improvement and takes a phased approach.

### Key Messages from Client Survey

**Overall, more than 80 percent of clients are satisfied with CIPO's services.**

**Clients appreciate the courtesy shown by CIPO staff and are willing to pay more for improved, faster service.**

Client priorities are:

- faster turnaround times
- new services such as an International Searching Authority (ISA) and International Preliminary Examining Authority (IPEA) (see Positioning CIPO Internationally, page 7);
- consistent, high-quality service;
- processes and on-line services that are seamless and user-friendly; and
- greater harmonization of IP rules and processes.

The first phase, completed in 2001-2002, included:

- developing a Client Relationship Management framework that will allow the organization to tailor services to client needs;
- undertaking a comprehensive, baseline client satisfaction survey; and
- improving access to services through e-commerce and the dissemination of information.

CIPO conducted a baseline client survey during November and December 2001. Members of several client groups, including represented and unrepresented applicants and intermediaries, were surveyed. The survey helped CIPO gain a better understanding of its clients' views on a wide range of topics. It also showed that, overall, more than 80 percent of CIPO's clients are satisfied with the service they are receiving. A majority of clients consider CIPO's services to be comparable to those provided by IP agencies abroad. CIPO is committed to improving client satisfaction by 10 percent within five years.

The survey found that the following two factors are most likely to influence client satisfaction:

- *response time* — the time required to receive a grant or registration, establish contacts and have questions answered; and
- *information value* — whether information is consistent, complete and tailored to the client.

As a result, CIPO's key priority is to improve turnaround times; it established new five-year targets for turnaround times for patents and trade-marks. CIPO has also developed a plan to triple the number of patent and trademark examiners and is considering other ways to improve productivity. Implementing these initiatives will require a review of and an increase in fees — which have remained largely unchanged since 1989. The business plan for 2002-2003 lays out in greater detail the implications of the decision to increase fees.

CIPO will survey clients regularly to assess their satisfaction with response times.

## Positioning CIPO Internationally

There is growing recognition internationally that IP is a key determinant of economic growth in the global, knowledge-based economy. IP offices around the world are facing unprecedented demand for products and services. Many have responded by stepping up their efforts in harmonizing standards and practices to minimize barriers, simplifying administrative procedures, consolidating valuable resources and avoiding duplication.

As a signatory to several multilateral treaties, protocols and agreements, CIPO strengthens its clients' access to the worldwide IP system. The first seeds of an international patent system were sown with the establishment of the Paris Convention in 1883 and the subsequent creation in 1970 of the Patent Cooperation Treaty (PCT), a system for administering patents internationally, to which Canada adheres. Under the PCT, patent applicants can simultaneously seek patent protection in more than 100 countries by filing a single application. Applications filed under the PCT are subjected to an international search conducted by an International Searching Authority (ISA), and in some cases, to an international preliminary examination conducted by an International Preliminary Examining Authority (IPEA), before entering the national office.

In September 2002, as a first step toward increasing its participation in the international IP system, CIPO will apply to WIPO for approval as an International Searching Authority and International Preliminary Examining Authority (ISA/IPEA). As an ISA/IPEA, CIPO would not only administer PCT applications that have entered the national phase in Canada, but would also undertake PCT examinations and searches for international applications filed by Canadians. If approved by WIPO, CIPO would be one of a handful of IP offices that offer these services.

An approach similar to the PCT has been developed for trade-marks through the Madrid Protocol, a treaty which most industrialized countries have now ratified, or plan to do so in the near future. During 2001-2002, CIPO launched preliminary consultations with clients regarding joining the Madrid Protocol.

As a signatory to several multi-lateral treaties, protocols and agreements, CIPO strengthens its clients' access to the worldwide IP system.

In 2001-2002, CIPO continued to participate in WIPO discussions on the harmonization of IP laws, the framework and administration of the PCT system, international cooperation, information technology, and other matters related to office procedures and practices. CIPO also monitors discussions in international fora that might affect the Canadian IP regime, such as the World Trade Organization (WTO), Asia-Pacific Economic Cooperation (APEC) and Free Trade Area of the Americas (FTAA).

Recognizing the importance of globalization, the value of strong international relations, and in support of the objective of providing enhanced service delivery to Canadians, CIPO commissioned an independent study to assess how to position the organization over the medium to long term. The report, submitted in the fall of 2001, was written following discussions and consultations with several domestic and international stakeholders, including clients, practitioners and experts. The consensus of those interviewed was that changes needed to be made to strengthen CIPO's services and position CIPO more prominently on the international stage. The report concluded that CIPO's avenue to success lies in a proactive and diverse international strategy.

CIPO signed a memorandum of understanding with the United States Patent and Trademark Office (USPTO) that will give CIPO access to the Trilateral Network, a network that connects the USPTO, the European Patent Office (EPO) and the Japan Patent Office (JPO). This connection will allow CIPO and the USPTO to securely and reliably exchange data, and will establish a framework for accessing additional international databases. This is but one example of how IP offices are collaborating to share information and avoid duplication of efforts.

## Section 2 Core Functions

### Patents

The Patent Branch receives, processes, classifies and examines applications for patents. It also registers assignments or changes of ownership, processes allowances, collects fees, and publishes information on patents.

One of CIPO's key mandates is to grant patents that will protect the invention and dissemination of technical information and encourage the creation, adoption and exploitation of inventions.

The branch's primary clients are national and international patent applicants, the vast majority of whom are represented by a patent agent. Other clients include interested third parties,

searchers, researchers, scientists, statisticians, economists, inventors, entrepreneurs, innovators, the patent profession, research institutes, international organizations, universities, foreign offices, and national and international IP associations.

### Commitments

#### SERVICE IMPROVEMENT

The branch's emphasis throughout the year has been on increasing production capacity in support of both improving client satisfaction (by stabilizing turnaround times) and increasing production. To expand its capacity and productivity, the branch committed to launching a major recruitment campaign for patent examiners, revamping its training program, and researching best practices and possible new approaches to its business process.

#### INTERNATIONAL INVOLVEMENT

In recent years, IP offices around the world have faced unprecedented demand for products and services, largely because of increased use of the PCT.

In recognition of Canadians' increased use of services available under the PCT, and in support of its objectives of



The Canadian Patents Database lets you search and retrieve over 75 years of patent publications consisting of more than 1 600 000 documents.

### Key Objectives

- increase production to 20 000 disposals
- stabilize backlog and develop a plan to reduce it

### Strategy

- hire 40 examiners, bringing the total to 150
- streamline examiner training
- improve the use of technology by expanding e-commerce services and access to databases

providing enhanced service delivery and facilitating Canadian access to the global IP system, CIPO committed itself in 2001-2002 to begin the process of becoming an ISA/IPEA under the PCT. As an ISA/IPEA, CIPO will have greater influence and visibility at the international level and will leverage its increased presence to help to address the workload and backlog issues faced by IP offices worldwide.

Canadians want increased access to global markets and more streamlined and common procedures for the acquisition of IP rights. Under the auspices of WIPO, CIPO committed itself to continued participation in the development of treaties that modernize and harmonize IP laws. By making the acquisition of IP rights more accessible and user-friendly, such treaties provide Canadians with better access to the global IP system.

### INFORMATION TECHNOLOGY

CIPO also committed to improve its services to clients through advances in the use of information technology (IT) to support e-commerce. In 2001-2002, CIPO initiated its TechSource Renewal project and made the necessary IT changes to support its e-payment initiative.

## Results

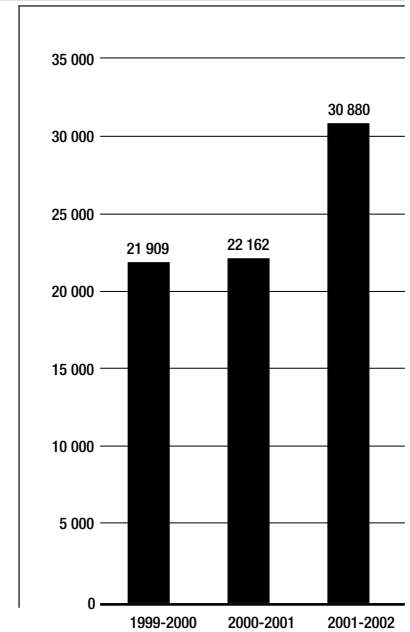
### OPERATIONAL RESULTS

Patent applications grew by 1.3 percent in 2001-2002. However, a significant jump (almost 31 000 compared with the forecasted 24 000) in requests for examination led to a large increase in backlog. This increase, the result of a change in the *Patent Rules* in 1996, is expected to continue until September 2003. The time it takes from the applicant's request for examination to the completion of the examiner's first action has increased slightly (see Table 1, page 10).

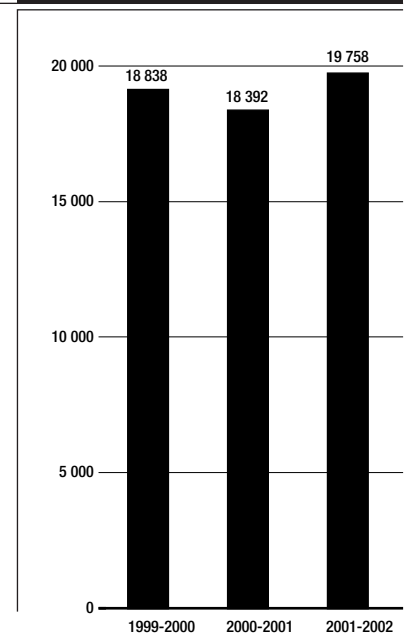
Disposals increased by more than 7 percent to nearly 19 800 in 2001-2002. Output will grow more significantly as new examiners reach full productivity.

By the end of 2001-2002, turnaround times had increased slightly to 26.3 months, short of the targeted 24 months. Turnaround times will continue to increase until 2004, when new examiners reach full productivity.

**FIGURE 1 Patent Requests for Examination**



**FIGURE 2 Patent Disposals**



The backlog will also increase until this time. CIPO's key focus over the short and medium terms will remain on reducing turnaround times and the backlog, primarily by hiring and training new patent examiners.

#### NEW PATENT EXAMINERS

CIPO has significantly expanded the number of patent examiners (by 41), and is making use of better tools and training to ensure that these new examiners quickly become productive. CIPO plans to hire an additional 46 patent examiners next year, and another 60 in 2003-2004. This major recruitment effort has involved extensive use of the CIPO Web site, job fairs, university career days and other advertisements. If CIPO attains accreditation as an ISA/IPEA in 2002-2003, it will build on its longer term recruiting efforts to handle the resulting increase in workload.

#### STREAMLINED EXAMINER TRAINING

Modernizing the training of new recruits is an important part of improving quality and productivity. The branch engaged a consultant to evaluate its Patent Examiner Training Program and will pilot a new approach to training in the Mechanical Division, in the summer of 2002. The new approach is expected to reduce the non-examining time of senior examiners and make training more efficient by grouping the students, rather than teaching one on one.

Modernizing the training of new recruits is an important part of improving quality and productivity.

Trainers are refining their techniques to bring training more in line with current adult education practices and are making ongoing improvements to the training modules. CIPO is searching out best practices from other mid-sized IP offices and is considering the use of workbooks and other self-study tools to make training more efficient.

#### IMPROVED TECHNOLOGY

A major accomplishment in 2001-2002 was the definition of user requirements for TechSource II, the upgrade to the original electronic patent system. CIPO held workshops and extensive client consultations throughout the year to identify improvements to the existing TechSource system. Consultations and associated analysis show that priorities for TechSource II include:

- replacing proprietary formats and applications with more "open" systems;
- allowing patent agents to access their files while in progress;

TABLE 1

#### Patent Quarterly Operational Results\* Annual Actual vs. Forecast

	Applications	Requests for Examination	Disposals	Turnaround Time (months)	Inventory
1st Quarter	9 934	6 427	4 197	26.1	63 583
2nd Quarter	9 863	6 213	4 372	25.2	65 232
3rd Quarter	10 065	7 840	4 970	26.1	67 872
4th Quarter	10 313	8 880	6 211	26.3	71 449
Total Annual	40 175	29 360	19 750	26.3	71 449
Forecasted Annual	40 700	24 000	20 000	-	-

\*Because of year-end adjustments, quarterly figures may vary from Table 7 (year-end) data.

- providing a direct client interface for patent agents;
- replacing CIPO's two search engines with a single Web-based application;
- adopting XML (extensible mark-up language) for the front-end filing process; and
- enhancing the data model.

## Patent Appeal Board

The Patent Appeal Board is responsible for:

- conducting reviews of the prosecution of patent applications that have been rejected in a final action by a patent examiner;
- conducting a similar type of review of the prosecution of industrial design applications where the examiner has rejected an application;
- resolving conflicts between two or more patent applicants claiming the same invention;
- administering the provisions of the *Patent Act* that permit third parties to submit prior art and requests that a patent be re-examined;
- administering the provisions of section 65 of the *Patent Act*, which allows third parties to file applications for compulsory licences in situations where patentees are alleged to have abused their patent rights; and
- administering the board that sets the qualifying examination for patent and trade-mark agents.

If the applicant is not satisfied with the decision of the Commissioner of Patents, the decision may be appealed to the Federal Court of Canada.

## Commitments

The Board committed itself to disposing of 25 percent of "old Act" final actions and to ensuring a zero backlog of cases. In addition, CIPO committed to review and streamline the process for accrediting patent agents (see Table 2).

**T A B L E 2**

<b>Patent Appeal Board Operational Statistics</b>			
	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
<b>Final Actions</b>			
Referrals	7	6	5
Disposals	10	8	5
<b>Industrial Designs</b>			
Referrals	5	7	5
Disposals	3	2	5
<b>Conflicts</b>			
Referrals	1	7	5
Disposals	3	5	5
<b>Re-examination - Section 48.1</b>			
Filings	3	2	1
Disposals	0	3	1
<b>Abuse - Section 67</b>			
Filings	2	0	0
Disposals	0	2	0
<b>Candidates for Agents Examinations</b>			
Patents	112	116	148
Trade-marks	37	31	48

## Results

The board is meeting its service standards: it contacts applicants to arrange hearing dates within 24 months for patents and within two months for industrial designs.

The number of candidates for the patent agent examination continued to rise, leading to a change in the administration of the examination after discussions with the Intellectual Property Institute of Canada. The principal change related to the manner in which a pass mark on an individual paper could be carried forward to future years.

## Trade-marks

The Trade-marks Branch determines whether an applicant is entitled to the exclusive use of a trade-mark for a specific set of wares or services. The branch keeps the trade-marks register, which is a record of all trade-marks registered in Canada. It also discloses information on trade-marks to the public to increase awareness and provides owners with the information they need to protect their marks.

Trade-mark applications are examined to make sure they meet all the requirements of the *Trade-marks Act*. Applications that meet these requirements are published in the weekly *Trade-marks Journal*. If unopposed, the trade-mark may then be registered.

Decisions of the Registrar of Trade-marks may be appealed to the Federal Court of Canada.

## Commitments

### SERVICE IMPROVEMENT

To improve services to its clients, the branch committed to reducing turnaround times and containing its backlog of applications. Key 2001-2002 commitments included expanding the branch's examination capacity by hiring new examiners and implementing a re-engineering plan for its examination processes.

### Key Objectives

- reduce turnaround times to 11 months
- maintain a backlog of no more than 53 500 applications

### Strategy

- hire 20 examiners, bringing the total to 35
- gain operational efficiencies by implementing a re-engineering plan, which includes automating the search system

**TABLE 3**

### Trade-mark Quarterly Operational Results\* Annual Actual vs. Forecast

	Applications	Disposals	Turnaround Time (months)	Inventory
1st Quarter	9 815	8 020	15	53 199
2nd Quarter	9 451	7 163	17	56 910
3rd Quarter	9 112	8 556	17	55 027
4th Quarter	9 598	8 482	16	53 332
Total Annual	37 976	32 221	16	53 332
Forecasted Annual	56 265	32 000	11	-

\*Because of year-end adjustments, quarterly figures may vary from Table 7 (year-end) data.



## INTERNATIONAL INVOLVEMENT

The Madrid Protocol is an international agreement, administered by WIPO, that allows trade-mark applicants to file one trade-mark application in one language, with one fee, to secure protection in any of the 56 states that are members of the protocol.

Although Canada has not yet decided whether it should adhere to the protocol, a key commitment for the branch was to start the preparatory research, analysis and consultations for developing a position on whether it would be in Canada's interests to adhere to the protocol.

## Results

### OPERATIONAL RESULTS

Trade-mark applications decreased nearly 15 percent in 2001-2002 to 37 691 from 44 809 in 2000-2001. This reduction matched downturns in trade-mark demand in other IP offices.

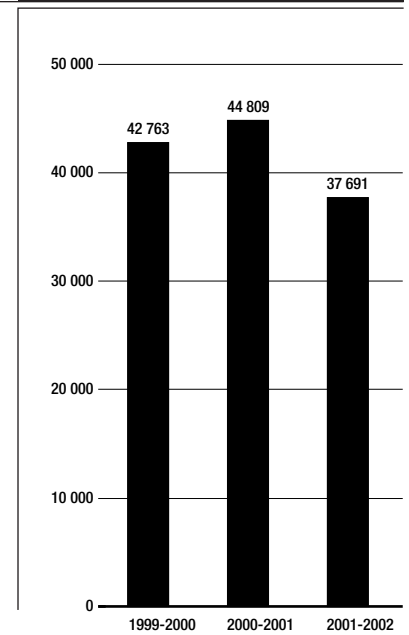
Disposals increased by more than 7 percent to 32 351, achieving the target of 32 000. The decrease in filings, together with the significant increase in examiners, permitted the branch to begin reducing the backlog of applications awaiting examination.

The backlog of applications peaked at 57 000 in September, then began a decline that continued for the rest of the year. Similarly, turnaround time to first action in examination peaked at just over 17 months in January and subsequently declined to just under 16 months by year-end. The target of 11 months was not achieved because operational capacity and efficiency gains were not realized until later in the year. These gains should result in significant reductions to turnaround times and the backlog of applications in 2002-2003.

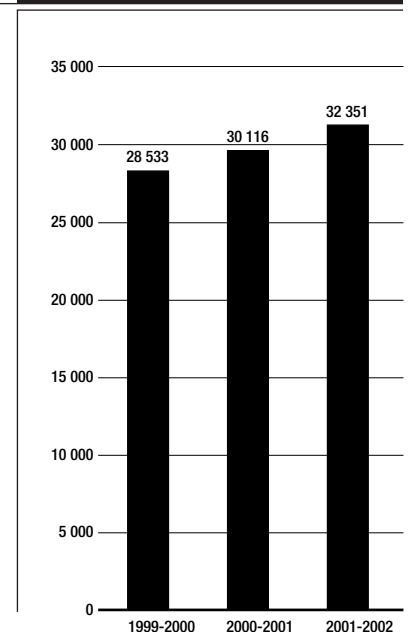
### AUTOMATED SEARCH SYSTEM

In 2001-2002, the branch implemented a fully automated search system for trade-marks. The system increases the flow of searched files into the examination process and makes the search process more consistent. The system has made a major contribution to the branch's success in reducing its backlog and turnaround times.

**FIGURE 3 Trade-mark Applications**



**FIGURE 4 Trade-mark Disposals**



## Trade-marks Opposition Board

The Trade-marks Opposition Board (TMOB) comprises a chairperson, three members and a section 45 hearing officer. Each has delegated authority from the Registrar of Trade-marks to conduct hearings and render decisions on adversarial proceedings arising under the *Trade-marks Act*.

These proceedings fall under section 38 (oppositions) or section 45 (summary expungement). The former arises when someone files an opposition to challenge the registration of a proposed trade-mark advertised in the *Trade-marks Journal*. The latter arises when a person asks the Registrar to remove a trade-mark from the trade-marks register because that trade-mark is allegedly not in use in Canada. If the owner does not respond, the trade-mark is expunged.

### Commitments

The TMOB has committed to improving service quality by reviewing opportunities for re-engineering the opposition process, streamlining regulations and recruiting additional hearing officers.

### Results

#### OPERATIONAL RESULTS

The TMOB continues to see a drop in the number of oppositions filed, which fell to 931 in 2001-2002. This is about 4.5 percent of advertised marks, a steady decline from 6.5 percent

The TMOB has committed to improving service quality by reviewing opportunities for re-engineering the opposition process, streamlining regulations and recruiting additional hearing officers.

five years ago. Annual filings for expungement have stabilized at about 700 (see Table 4).

Oral hearings are held within 12 months of request for oppositions and five months for expungements. Decisions are rendered within one month of the hearing for oppositions and within two months for expungements.

## Copyrights

Under the *Copyright Act*, CIPO is responsible for registering copyrights in Canada. Registration means that the Copyright Division of the Copyright and Industrial Design Branch has recorded the information on the copyright and has issued a certificate of registration.

Under the authority of the Commissioner of Patents and the Registrar of Copyrights, the branch maintains the register of copyrights. Anyone can search the register and obtain information about specific copyrights free of charge.

TABLE 4

### Trade-marks Opposition Board Operational Statistics

	1999-2000	2000-2001	2001-2002
Statements of opposition filed	1077	1145	931
Opposition decisions rendered	168	121	104
Opposition abandonments	-	966	1037
Section 45 notices issued	849	693	690
Section 45 decisions rendered	610	573	553

## Commitments

The branch's key commitments this year were to:

- automate the register of copyrights to facilitate greater electronic access; and
- maintain or improve turnaround times.

## Results

### OPERATIONAL RESULTS

Copyright applications have declined since 1993. CIPO received 6377 copyright applications in 2001-2002, a 36 per cent drop from the 9949 applications filed in 1993-1994. Turnaround times over the year remained stable at approximately three weeks from filing to registration, surpassing the target of four weeks (see Table 5).

### ELECTRONIC COMMERCE ENHANCEMENTS

The new copyright automation system, CREATION, came on-line this year. It provides access to the register of copyrights (registrations dating from 1991 to present) through the Internet and allows clients to register their copyrights on-line. By year-end, approximately 20 percent of copyright applications were being received electronically. CREATION enables CIPO staff to provide faster and more consistent service to copyright clients.

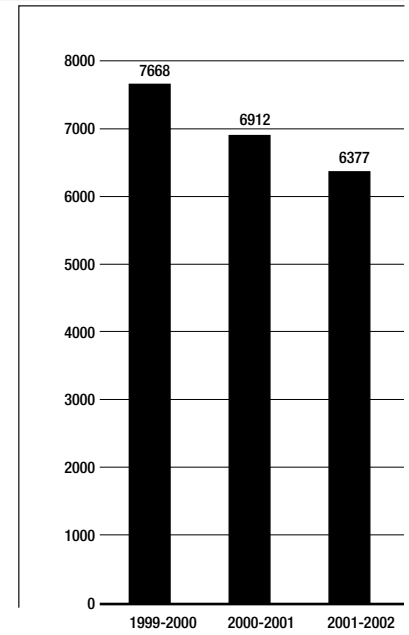
The Copyright Division and CIPO's Information Branch have been involved in discussions with the National Library of Canada on future cooperation in raising awareness of copyrights in Canada. A formal agreement is being considered.

**TABLE 5**

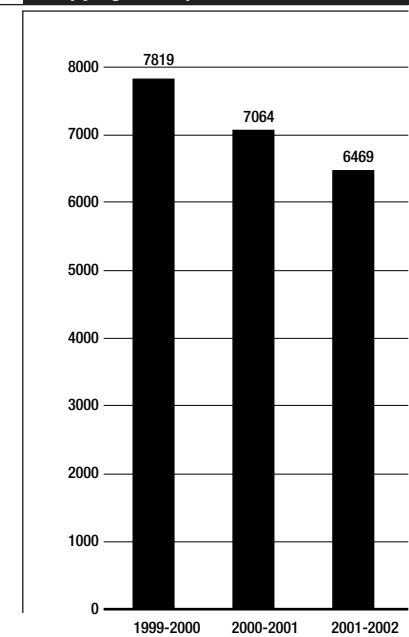
<b>Copyright Quarterly Operational Results* Annual Actual vs. Forecast</b>			
	<b>Applications</b>	<b>Disposals</b>	<b>Turnaround Time (months)</b>
1st Quarter	1891	1769	0.5
2nd Quarter	1422	1440	0.5
3rd Quarter	1411	1385	0.5
4th Quarter	1653	1875	0.5
Total Annual	6377	6469	0.5
Forecasted Annual	5950	7100	0.7

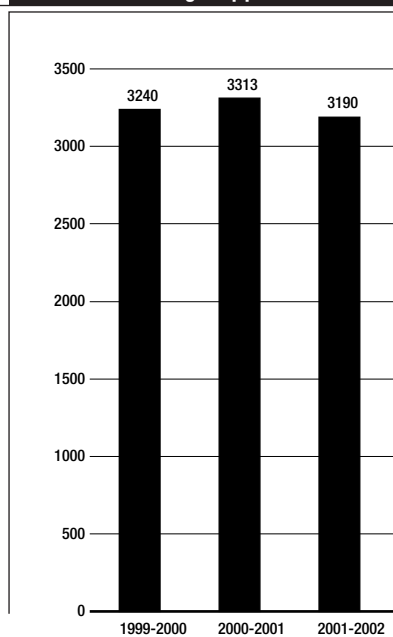
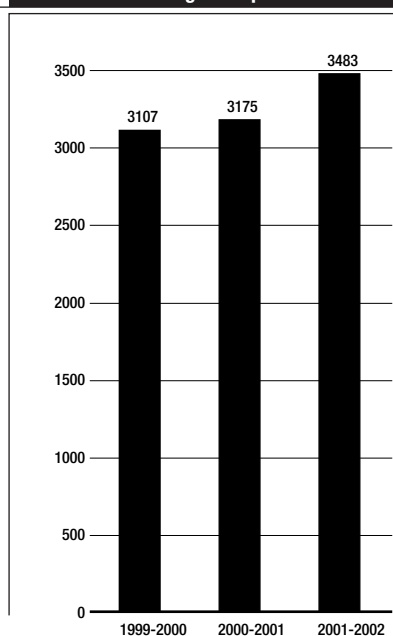
\*Because of year-end adjustments, quarterly figures may vary from Table 7 (year-end) data.

**FIGURE 5 Copyright Applications**



**FIGURE 6 Copyright Disposals**



**FIGURE 7 Industrial Design Applications****FIGURE 8 Industrial Design Disposals**

## Industrial Designs

The Industrial Design Division of the Copyright and Industrial Design Branch receives, processes, classifies, searches and examines applications for industrial designs. The division also collects fees and registers assignments, licences and changes of ownership. The division's primary clients are manufacturers (ranging in size from individuals to large corporations), the vast majority of whom are represented by patent agents. No legal claim of ownership can be made for an industrial design unless it is registered. The owner of a registered industrial design has protection for 10 years, provided maintenance fees are paid.

The mandate of the division is to register industrial designs, giving exclusive rights to the design and providing legal protection from imitation. Once registered, industrial designs are publicly disclosed and become part of the register maintained by the division. CIPO clients consult this register when preparing to file new applications and when assessing infringement cases. The register is an invaluable reference tool — a historical snapshot of innovations in design since before Confederation that may provide the impetus to improve existing designs.

### Commitments

The branch's key commitments in 2001-2002 were to:

- complete the principal components of Phase I of its automated system DesignPlus; and
- maintain or improve turnaround times.

### Results

#### OPERATIONAL RESULTS

Industrial design applications have been fairly constant since 1996 at around 3000 to 3400 annually. In 2001-2002, CIPO received 3190 industrial design applications (see Figure 7).

Turnaround times over the year improved to 10.7 months from filing to mailing of registration certificate, surpassing the target of 11.5 months. As such, the backlog of files awaiting examination has been on the decline. The division expects to maintain these trends in the coming year.

**Industrial Design Quarterly Operational Results\***  
Annual Actual vs. Forecast

**T A B L E 6**

	<b>Applications</b>	<b>Disposals</b>	<b>Turnaround** Time (months)</b>	<b>Inventory</b>
1st Quarter	760	866	11.5	3339
2nd Quarter	894	777	11.8	3456
3rd Quarter	781	925	11.2	3312
4th Quarter	755	915	10.7	3152
Total Annual	3190	3483	10.7	3152
Forecasted Annual	3325	3780	11.5	-

\* Because of year-end adjustments, quarterly figures may vary from Table 7 (year-end) data.

\*\* From filing to mailing of registration certificate

## DESIGNPLUS

The division's major accomplishment this year was the completion of the principal components of its automated system, DesignPlus. This system will support CIPO's objective to improve service to clients by reducing turnaround times.

## Integrated Circuit Topographies

Integrated circuit topographies (ICTs) are the world's most recently recognized form of IP. Located within microchips, ICTs are vital to the operation of our information, communications and entertainment industries. They are also widely used in such fields as medicine and aerospace and are found in an increasing number of household appliances and consumer electronics.

The *Integrated Circuit Topography Act* came into force in 1993. Owners of ICTs can protect their topographies against infringement in Canada by registering them with the Registrar of topographies.

## Information Branch

As CIPO's window to its external clients, the Information Branch is responsible for developing processes to understand, analyze and respond to client needs; for delivering on CIPO's outreach program; and for managing the dissemination of IP

information in a manner consistent with international and government-wide standards.

## Commitments

The branch's key commitments for 2001-2002 were to:

- develop a Client Relationship Management (CRM) strategy that will allow it to gather, analyze and respond to client needs, the first step of which is a comprehensive client satisfaction survey;
- develop a sustainable outreach program supported by a framework based on best practices; and
- effectively manage the dissemination of CIPO's IP information in accordance with recognized information management principles, as well as its commitment to Treasury Board Secretariat to improve client satisfaction with CIPO's Web site, and particularly its navigation, by 10 percent by 2005-2006.

## Results

### CLIENT RELATIONSHIP MANAGEMENT

The branch developed a CRM strategy and conducted a comprehensive client survey in December 2001. The survey, which was developed after a series of focus groups with clients, helped CIPO identify key client priorities and opportunities for service improvement.

The survey revealed that, overall some 80 percent of CIPO's clients were satisfied with the service they received. Their impressions of CIPO as an organization were also favourable, with an approval rating of approximately 75 percent. One clear message that emerged from the survey is that clients want faster turnaround times.

The survey incorporated the "common measurements tool" (developed by the Canadian Centre for Management Development and the Treasury Board Secretariat), and will provide CIPO with an important client satisfaction benchmark to measure improvements against itself, as well as against other departments and agencies.

Together with the focus groups that preceded it, the survey successfully launched CIPO's CRM initiative and placed the organization firmly on the path to becoming genuinely client-focused — delivering high-quality products and services that meet clients' needs.

The Client Service Centre (CSC) also held process mapping workshops with employees from the product lines to identify areas where service delivery could be improved.

### CLIENT SERVICE CENTRE

The CSC responded to approximately 120 000 requests (see Figure 9) for IP information in 2001-2002. To provide clients with faster and more efficient service, CSC connected all IP Information Officers to a new automated call distribution system that routes all incoming calls directly to the appropriate resource. As part of the CRM strategy, the CSC also redesigned its client contact database to improve the centre's capacity to measure its performance.

Electronic access via the Internet to the USPTO patent database (WEST) was made available in the CSC, enabling CIPO to remove the considerable paper search files of the U.S. collection.

### OUTREACH PROGRAM

CIPO is committed to delivering a sustainable outreach program in support of CIPO's third strategic priority: to increase awareness, knowledge and effective use of IP by Canadians.

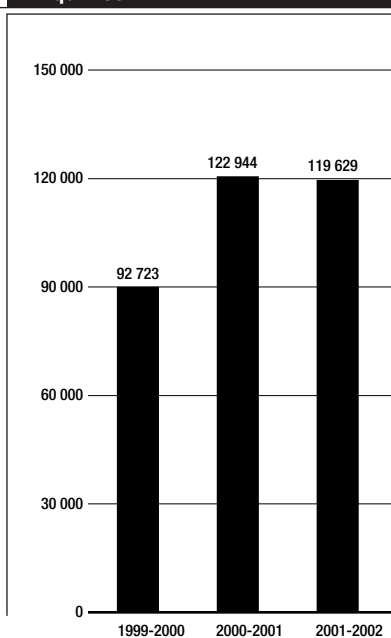
To lay the groundwork for the outreach program, CIPO conducted a survey of international best practices in IP information dissemination and an internal documentation review early in 2001. Both served as a basis for the development of the 2002-2006 Outreach Strategic Plan, which provides a vision and strategic direction for the development of a sustainable outreach program.

This involves researching and applying best practices and enhancing relationships with foreign IP offices. CIPO is working with key partners to develop pilot programs or initiatives and is also developing tools to measure the success of the outreach program.

### DISSEMINATION

As Canadian and foreign innovators seek IP rights, strategic business and technical information is made available through the public disclosure of the creativity and processes behind their innovations. CIPO ensures that this wealth of data and strategic information is not only collected in databases created and maintained by CIPO, but is also accessible to Canadians. This contributes to reducing the knowledge and innovation gap — critical in a knowledge-based economy.

FIGURE 9 Enquiries



In 2001-2002, CIPO identified the need to effectively manage its corporate information in accordance with international IP standards and government-wide legislation and policies. During the past year, CIPO integrated the management of several functions to enable the consistent application of information management principles and standards across various delivery channels, including the CIPO Web site, intranet site, publications and data exchange products.

### Service Improvement

As part of its effort to respond to client feedback, CIPO redesigned its Web site in 2001-2002 to improve layout, navigation and ease of use. The changes included the beginning of a file conversion project to improve accessibility for all Canadians.

### Web Site Use

CIPO's bilingual Web site contains approximately 1000 pages, a growing collection of more than 2000 PDF files and

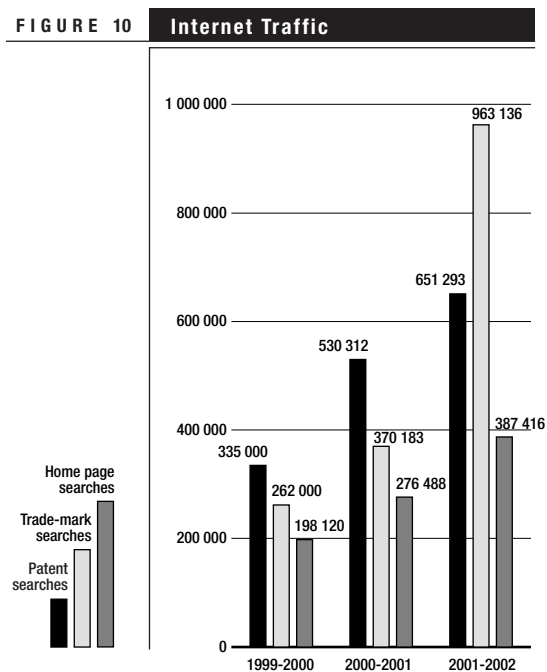
50 e-commerce applications, and CIPO's flagship public-use IP databases (Canadian Patents Database and Canadian Trade-marks Database). The site received more than two million transactions during the year, including more than 387 000 visits to the home page, approximately 651 000 searches of the patents database and 963 000 searches of the trade-marks database. (CIPO anticipates that a lower figure will be reflected in the next report, as some robotic/preprogrammed searches were made that artificially inflated the statistics for trade-mark searches.) These figures demonstrate that CIPO's Web site is a highly visible, much-valued tool for IP researchers (see Figure 10).

### Data Dissemination

The Data Dissemination Unit provides patent data to 31 countries under various exchange agreements. In addition, CIPO also exchanges bibliographic data with the EPO, the USPTO and the JPO. As part of its dissemination program, CIPO generates revenue from the sale of IP data (patent and trade-mark) to more than 15 large commercial vendors worldwide.

### Resource Centre Use

The CIPO Resource Centre provides high-quality library and reference services to internal CIPO clients and to external IP professionals in both the federal government and the private sector. The centre responded to approximately 5000 requests for information during 2001-2002, and provided patent examiners with more than 4000 inter-library loans in support of the patent examination process.



These figures demonstrate that CIPO's Web site is a highly visible, much-valued tool for IP researchers.

TABLE 7

**Product Outputs\***

	1999-2000	2000-2001	2001-2002
<b>Applications</b>			
Patents	36 784	39 657	40 175
National	15 211	14 940	13 530
PCT	21 573	24 717	26 645
Trade-marks	42 763	44 809	37 691
Copyrights	7 668	6 912	6 377
Industrial Designs	3 240	3 313	3 190
Integrated Circuit Topographies	6	1	3
<b>Requests for Examination</b>			
Patents	21 909	22 162	30 880
<b>Disposals</b>			
Patents	18 838	18 392	19 758
<b>Grants – Registrations</b>			
Patents	13 109	11 888	12 445
Trade-marks	16 186	16 940	16 746
Copyrights	7 629	6 879	6 312
Industrial Designs	2 805	2 850	3 128
Integrated Circuit Topographies	6	1	3
<b>Abandonments</b>			
Trade-marks	12 347	13 176	15 605
Copyrights	190	185	157
Industrial Designs	302	325	355
<b>Maintenance – Renewals</b>			
Patents	211 826	222 500	240 196
Trade-marks	7 086	6 623	7 241
Industrial Designs	1 117	1 084	1 047
<b>Assignments</b>			
Patents	49 000	52 003	60 819
Trade-marks	48 173	47 025	44 880
Copyrights	1 504	1 125	1 168
Industrial Designs	827	820	893
<b>Enquiries</b>			
Patents	30 366	22 439	24 137
Patent Status Requests	24 287	53 499	63 673
Trade-marks	14 871	23 027**	19 991
Copyrights	13 669	13 237**	8 225
Industrial Designs	2 629	2 972**	1 204
Integrated Circuit Topographies	172	140	48
General Information	2 878	4 231	1 613
Other	3 851	3 399	738

\*Because of year-end adjustments, numbers may vary from quarterly data.

\*\*Because of year-end adjustments, numbers may vary from previously published data.



## Section 3 International and Domestic IP Frameworks

### International Environment

In 2001-2002, CIPO continued its long history of providing developing countries with technical assistance in administering IP. In cooperation with WIPO, CIPO provided officials from Latin America and the Caribbean (see photo) with specialized training on client service and quality management in the delivery of patent services. CIPO also continued to provide certain developing countries with ongoing services in the areas of patent search and examination, and hosted numerous bilateral meetings and visits by both developing and developed countries. The technical assistance provided by CIPO supports Canada's long-term objective of establishing more stable and self-reliant economies in developing countries.

As outlined earlier in this report, CIPO continued its efforts internationally in discussions to harmonize and facilitate access to the international IP system. CIPO also continued to monitor activities in other key IP-related fora including the World Trade Organization (WTO), Asia-Pacific Economic Cooperation (APEC) and Free Trade Area of the Americas (FTAA).

### Domestic Environment

#### Legislative Amendments

Bill S-17, *An Act to Amend the Patent Act*, came into force on July 12, 2001. It brought the *Patent Act* into conformity with Canada's obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of the WTO. These amendments provide all non-expired patents with terms of less than 20 years (counted from the date of filing in Canada) with an automatic extension to the minimum 20-year standard as required by the TRIPS agreement. The amendments to the *Patent Act* underscore Canada's commitment to ensuring that its IP laws and regulations remain among the most modern and progressive in the world.

CIPO continued consultations on a possible IP Improvement Bill that would modernize the administration of IP in Canada. Proposed amendments would be non-controversial and administrative in nature, and would also reflect legislative changes required to implement obligations flowing from the Patent Law Treaty (PLT).

#### Regulatory Amendments

Amendments were made to the *Patent Rules* to accommodate greater flexibility in the treatment of international applications filed under the Patent Cooperation Treaty (PCT).

#### OFFICIALS FROM LATIN AMERICA AND THE CARIBBEAN (MAY 28 TO JUNE 7, 2001)



Back: Carlos Guillermo Pacheco Hernandez, Venezuela; Fabián Pablo Loyato, Argentina; Maria Laura Glisenti Cheveste, Uruguay; Franklin Bruno Mérchor Valderrama, Peru; Adalberto Pérez Galindo, Cuba; Paulo Roberto Dutra Magalhaes, Brazil; Jorge Patricio Fuentes Antillao, Chile; Rodolfo A. Godoy Gonzalez, Guatemala. Front: Diane Brazeau, CIPO; Teresa Ponce León, Mexico; Andrea Titus, Antigua and Barbuda.

*Approximately 65 new examiners for patents  
and for trade-marks were hired  
throughout the course of the year.*



CIPO booth at University Career Fair



## Section 4 Corporate Initiatives

In 2001-2002, CIPO undertook several initiatives to strengthen the infrastructure needed to deliver high-quality services to clients. These efforts fall into one of three categories: e-commerce/information technology infrastructure, the modernization of CIPO's human resources management framework and modern comptrollership.

### E-Commerce and Global Harmonization

#### Commitments

CIPO has met Industry Canada's objective, under the Government On-Line initiative, to offer all key services on-line by December 2003. CIPO is working to harmonize its services with those of other countries, as well as with the Canadian IP agent community.

#### Results

Clients can now apply and pay for copyrights and trade-marks on-line. Through an agreement with the USPTO, CIPO expects to gain access to the Trilateral Network, which connects USPTO, EPO and JPO.

### Information Technology Infrastructure and Back Office Integration

#### Commitments

CIPO is committed to having an adequate information technology infrastructure, improved capacity and integrated internal systems to support e-commerce and global harmonization projects.

#### Results

CIPO has initiated several infrastructure projects, such as the In-Building Network Improvement Project, in support of

this objective. Initiatives such as a fully automated search system for trade-marks and the automation of industrial design processes will result in improved service. In the patent area, a major achievement has been the definition of user requirements (including requirements for e-services) for the renewal of the TechSource system. These initiatives form the basis of the system renewal plans for the next five years, which will increase the efficiency of services and systems.

### Human Resources

#### Commitments

CIPO's ability to provide world-class IP services depends, fundamentally, on its human resources. To achieve this, CIPO must attract and retain a qualified work force, capable of meeting the organization's business challenges. Its Human Resources Branch has committed itself to supporting organizational efforts to significantly increase CIPO's human resources in targeted areas and to improving overall human resources management.

#### Results

CIPO has focused on a number of initiatives relating to recruitment, learning and development, and workplace well-being. The organization conducted focus groups with 20 percent of its employees to gather their views on workplace-of-choice issues, and performed an assessment of internal and external issues affecting its work force. This work will lead to the formulation of a human resources strategy and multi-year action plans that will concentrate on the accomplishment of CIPO's strategic priorities. Champions will be nominated during 2002-2003 to lead teams and promote recruitment, employment equity, workplace well-being, learning and development, and official languages.

## RECRUITMENT

In 2001-2002, CIPO developed an employment opportunities page on its Web site and an on-line application form linked to an applicant database. The employment opportunities page, which is linked to various government Web sites, received 47 795 visits resulting in more than 1700 applications for employment. CIPO also participated in nine university campus career fairs (see photo, page 22). Approximately 65 new examiners for patents and for trade-marks were hired throughout the course of the year.

## EMPLOYMENT EQUITY

As part of their staffing process, CIPO managers use the Public Service Commission's Employment Equity inventories. Members of designated groups were included in the focus groups and are encouraged to self-identify so that CIPO can better help them meet their needs. In 2002-2003, CIPO will develop an employment equity plan based on a demographic analysis and data on work force availability.

## LEARNING AND DEVELOPMENT

To demonstrate its commitment to continuous staff development and address concerns raised in the Public Service Employee Survey (1999), CIPO has issued *Learning Guidelines*. These guidelines express CIPO's philosophy of continuous learning and detail learning and training procedures. CIPO has also developed guidelines for educational leave, as well as procedures for reimbursing training costs.

Close to 120 employees attended workshops where they developed personal learning plans (PLPs). PLPs help

employees focus on their learning and development interests; take charge of their professional/personal development; and identify, plan and direct their career paths. PLPs provide employees with the opportunity to enhance their skill sets and develop more competencies, thereby enhancing their marketability.

In support of continuous learning, CIPO managers approved 1425 training applications representing 1538 training days during 2001-2002.

## WORKPLACE WELL-BEING

In 2001-2002, CIPO undertook several initiatives to strengthen its reputation as a good place to work and to foster healthy internal communications. CIPO held CEO luncheons (informal events for interested employees to discuss workplace issues with the CEO). As well, three Managers' Forums and CIPO's Annual General Meeting gave managers and employees a chance to hear different speakers address work-related issues and learn from one another's experiences.

As part of its drive to improve the work environment, CIPO administered a 360 Degree Feedback Program that encouraged supervisors to learn more about themselves and how their people management practices are perceived by and affect others. A third party took charge of collecting data and compiling a report with recommendations. Nearly all (94 percent) of CIPO's supervisors participated in the program, and 85 percent of the employees contacted responded to the survey. The results of the survey are extremely positive, reflecting good relations between supervisors and their staff.

## Modern Comptrollership

Modern comptrollership is a concept focused on the sound management of resources and effective decision making. It is at the heart of the Government of Canada's management framework as described in *Results for Canadians*. In its quest to achieve the highest quality of service to the public, the Government of Canada is committed to excellence in four areas: citizen focus, values, results and responsible spending. Canadians expect continuous improvement of management practices, increased focus on results, responsible spending and accountability.

Modern comptrollership supports the effective stewardship of resources of all types throughout the federal government. It is about working smarter for better results: better informed decisions, better public policies and better service delivery. Modern comptrollership is intended to provide managers with integrated financial and non-financial performance information, a sound approach to risk management, appropriate control systems, and a shared set of values and ethics.

### Commitments

CIPO's key modern comptrollership commitments were:

- to improve the integration of business, financial and information technology strategic plans;
- to review its current fee schedule vis-à-vis its ability to significantly enhance its service delivery; and
- to prepare the organization to implement an activity-based costing system.

### Results

As part of its ongoing commitment to improve its business planning processes and maintain its long-term financial viability, CIPO continued to employ a rigorous approach to the development of its revenue forecasts and its expenditure and capital budgeting business cases. CIPO's structure as a revolving fund is revenue-based and requires detailed analysis of the office's business environment. This analysis must take into account demand

It is about working smarter for better results: better informed decisions, better public policies and better service delivery.

for IP products and services, international and historical trends and volumes, domestic growth, consumer confidence, and changes in internal production capacity. Correspondingly, the organization's expenditure plans require the preparation of individual business cases for its capital and non-capital projects to ensure effective stewardship of its resources.

From a financial perspective, CIPO continued to operate from a position of strength. The organization's net income (after deferred capital assistance and write-down of capital assets) was \$229 000. Over the last few years, CIPO has achieved break-even status (or better) and at the same time has maintained its ability to make strategic capital investments.

However, CIPO has also recognized that its ability to maintain service delivery levels comparable to other major IP offices will require more financial resources, particularly to support commitments to increase examination production capacity. As such, any investment in improving client services, including investments in reducing turnaround times, new products/services, new IT and human resources, will require a review of the organization's fees. Over the past year, CIPO has initiated a review of its fees, the services demanded by its clients and the investment that will be required to deliver these services. In addition, CIPO benchmarked its fees against those charged by other IP offices. In 2002-2003, CIPO will develop fee change proposals and begin formal consultations with its clients and stakeholders.

As part of the government's mandate to provide better results for Canadians, CIPO committed to implementing an activity-based costing system. CIPO fulfilled its 2001-2002 commitment to conduct the initial analysis and develop the system's project charter. This system will provide management with cost information to facilitate better informed decisions.

## Section 5 Audited Financial Statements

### Management Report

We have prepared the accompanying financial statements of the Canadian Intellectual Property Office Revolving Fund (the "Fund") as required by and in accordance with the policy of Treasury Board on revolving funds and the reporting requirements and standards of the Receiver General for Canada. These financial statements were prepared by the management of the Fund in accordance with the significant accounting policies set out in Note 2 of the financial statements, on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of these financial statements rests with the management of the Fund. The information included in these financial statements is based on management's best estimates and judgment with due consideration given to materiality. To fulfil its accounting and reporting responsibilities, the Fund maintains a set of accounts, which provides a centralized record of the Fund's financial transactions. Financial information contained in the ministerial statements and elsewhere in the Public Accounts of Canada is consistent with that in these financial statements, unless indicated otherwise.

The Fund's directorate of financial services develops and disseminates financial management and accounting policies and issues specific directives, which maintain standards of accounting and financial management. The Fund maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. They are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded to maintain accountability of Government funds and safeguard the assets under the Fund's administration. The Fund also seeks to assure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility and

by communication programs aimed at ensuring that its regulations, policies, standards and managerial authorities are understood throughout the organization.

At the request of the Fund, these financial statements have been examined by external auditors, their role being to express an opinion as to whether the financial statements present fairly the financial position as at March 31, 2002, and the results of operations and cash flows for the year then ended in accordance with the accounting principles for revolving funds of the Government of Canada as described in Note 2 of the financial statements. This external audit was conducted to assure objectivity and freedom from bias in the accompanying financial statements.

Approved by:



David Tobin  
Commissioner of Patents,  
Registrar of Trade-marks and  
Chief Executive Officer



André Rousseau, CGA  
Manager, Finance and Administration

June 7, 2002



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## **AUDITORS' REPORT TO THE DEPUTY MINISTER, INDUSTRY CANADA**

We have audited the balance sheet of the Canadian Intellectual Property Office Revolving Fund as at March 31, 2002 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the management of the Canadian Intellectual Property Office Revolving Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Canadian Intellectual Property Office Revolving Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles for revolving funds of the Government of Canada as described in Note 2.

A handwritten signature in black ink that reads 'KPMG LLP'.

Chartered Accountants

Ottawa, Canada

June 7, 2002



KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International, a Swiss association.

TABLE 8

**Statement of Authority (Used) Provided (Unaudited)**  
For the year ended March 31, 2002 (in thousands of dollars)

	2002		2001	
	Estimates	Actual	Estimates	Actual
Net income for the year	4 215	229	6 423	5 036
Add: items not requiring the use of funds	<u>12 809</u>	<u>14 483</u>	<u>14 875</u>	<u>17 847</u>
Operating source of funds	17 024	14 712	21 298	22 883
Net capital acquisitions	(12 500)	(9 846)	(4 590)	(3 668)
Changes in working capital (Note 7)	2 248	828	2 137	3 536
Other items	<u>(9 274)</u>	<u>743</u>	<u>(12 760)</u>	<u>(5 174)</u>
Authority (used) provided	<u>(2 502)</u>	<u>6 437</u>	<u>6 085</u>	<u>17 577</u>

The accompanying notes form an integral part of these financial statements.

TABLE 9

**Reconciliation of Unused Authority (Unaudited)**  
As at March 31, 2002 (in thousands of dollars)

	2002	2001
Debit balance in the accumulated net charge against the Fund's authority	(54 105)	(46 606)
Transfer from Treasury Board Vote 5	<u>(331)</u>	<u>(133)</u>
	(54 436)	(46 739)
Add: PAYE charges against the appropriation account after March 31	5 665	5 942
Less: amounts credited to the appropriation account after March 31	(1 082)	(2 288)
Net authority provided, end of year	(49 853)	(43 085)
Authority limit	<u>5 000</u>	<u>15 000</u>
Unused authority carry forward	<u>54 853</u>	<u>58 085</u>

The accompanying notes form an integral part of these financial statements.



TABLE 10

**Balance Sheet**

As at March 31, 2002 (in thousands of dollars)

	2002	2001
<b>Assets</b>		
Current assets		
Petty cash	2	2
Accounts receivable		
Government of Canada	463	1 054
Outside parties	1 110	1 510
Unbilled revenues	5 393	5 529
Prepaid expenses	-	23
Capital assets (Note 3)	63 402	68 039
Unbilled revenues	105	263
	<u>70 475</u>	<u>76 420</u>
<b>Liabilities</b>		
Current		
Deposit accounts	833	632
Accounts payable		
Government of Canada	2 858	2 434
Outside parties	7 421	6 215
Deferred revenues	13 274	15 427
	<u>24 386</u>	<u>24 708</u>
Employee termination benefits and vacation pay	3 808	3 127
Deferred revenues	24 440	17 089
	<u>28 248</u>	<u>20 216</u>
Deferred capital assistance (Note 4)	33 520	39 905
<u>Equity of Canada (Note 5):</u>		
Accumulated net charge against the Fund's authority	(54 105)	(46 606)
Accumulated surplus	38 426	38 197
	<u>(15 679)</u>	<u>(8 409)</u>
	<u>70 475</u>	<u>76 420</u>
Commitments (Note 6)		
Contingencies (Note 10)		

The accompanying notes form an integral part of these financial statements.

TABLE 11

**Statement of Operations**  
 As at March 31, 2002 (in thousands of dollars)

	2002	2001
Revenues	77 269	72 513
Expenses		
Salaries and employee benefits	45 498	37 415
Professional services	13 677	9 309
Amortization of capital assets	12 519	14 668
Accommodation	5 241	5 084
Materials and supplies	2 234	2 099
Information	328	464
Communications	573	489
Travel	320	318
Freight and postage	248	268
Repairs and maintenance	398	258
Training	280	190
Rentals	<u>145</u>	<u>121</u>
	81 461	70 683
Net income before amortization of deferred capital assistance, loss on disposal and write-down of capital assets	<u>(4 192)</u>	<u>1 830</u>
Amortization of deferred capital assistance	<u>6 385</u>	<u>6 385</u>
Net income before disposal and write-down of capital assets	2 193	8 215
Loss on disposal and write-down of capital assets (Note 3)	<u>(1 964)</u>	<u>(3 179)</u>
Net income	<u><u>229</u></u>	<u><u>5 036</u></u>

The accompanying notes form an integral part of these financial statements.

**Statement of Accumulated Surplus**  
For the year ended March 31, 2002 (in thousands of dollars)

TABLE 12

	2002	2001
Balance, beginning of year	38 197	33 161
Net income	<u>229</u>	<u>5 036</u>
Balance, end of year (Note 5)	38 426	38 197

The accompanying notes form an integral part of these financial statements.

**Statement of Cash Flows**  
For the year ended March 31, 2002 (in thousands of dollars)

TABLE 13

	2002	2001
Operating activities		
Net income	229	5 036
Add: amortization of capital assets	12 519	14 668
Add: loss on disposal and write-down of capital assets	1 964	3 179
Less: amortization of deferred capital assistance	<u>(6 385)</u>	<u>(6 385)</u>
	8 327	16 498
Changes in working capital (Note7)	828	3 536
Changes in other assets and liabilities		
Unbilled revenues	158	440
Employee termination benefits and vacation pay	681	618
Deferred revenues	<u>7 351</u>	<u>1 224</u>
	<u>8 190</u>	<u>2 282</u>
Net financial resources provided by operating activities	17 345	22 316
Investing activities		
Capital assets acquired	<u>(9 846)</u>	<u>(3 668)</u>
Net financial resources provided and change in the accumulated net charge against the Fund's authority account, during the year	7 499	18 648
Accumulated net charge against the Fund's authority account, beginning of the year	<u>46 606</u>	<u>27 958</u>
Accumulated net charge against the Fund's authority account, end of the year (Note 5)	<u>54 105</u>	<u>46 606</u>

The accompanying notes form an integral part of these financial statements.

# Notes to Financial Statements

## 1 - Purpose and Authority

The Canadian Intellectual Property Office Revolving Fund (the "Fund") grants or registers exclusive ownership of intellectual property (IP) in Canada. In exchange, the Fund acquires IP information and state-of-the-art technology which it disseminates to Canadian firms, industries and individuals to improve economic performance, competitiveness and to stimulate further invention and innovation.

The Fund was established on April 1, 1994. The authority to make expenditures out of the Consolidated Revenue Fund was granted on February 22, 1994 and has an authorized limit of \$15 million. During the year, the Fund's authorized limit was reduced from \$15 million to \$5 million. The Fund has continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions and temporary financing of accumulated operating deficits. The Fund may retain surpluses to continue to automate operations.

## 2 - Significant Accounting Policies

### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the policy of Treasury Board on revolving funds and the reporting requirements and standards of the Receiver General for Canada.

### REVENUE RECOGNITION

Revenue derived from processing patent, trade-mark and industrial design applications is recognized using the percentage of completion method as work progresses. Fees received in excess of revenues recognized are reflected as deferred revenues. Revenues recognized in excess of fees received are recorded as unbilled revenues. Other revenue is recognized upon receipt.

Fees are prescribed by various Orders in Council.

### CAPITAL ASSETS AND AMORTIZATION

Capital assets are recorded at cost (see Table 14, page 33). Capital assets are amortized on a straight-line basis over their estimated useful lives, beginning in the month after acquisition, as follows:

Software	3 years
Hardware	3-5 years
Furniture	10 years
Equipment	10 years
Leasehold Improvements	5 years
Systems	Estimated useful life beginning in the year of deployment

### DEFERRED CAPITAL ASSISTANCE

The Fund received \$63 848 from the Crown for the development of the TechSource automation project, which was implemented in 1997-1998. The deferred capital assistance is amortized on a straight-line basis over the estimated useful life of the TechSource system.

### EMPLOYEE TERMINATION BENEFITS

Employees of the Fund are entitled to specified termination benefits, calculated based on salary levels in effect at the time of termination as provided for under collective agreements and conditions of employment. Employee termination benefits earned prior to an employee joining the Fund are a liability of the Treasury Board and accordingly have not been recorded in the accounts. As at March 31, 2002, the Treasury Board liability for the Fund's employees is \$4.5 million (2001 - \$4.4 million). The liability for benefits earned after an employee joins the Fund is recorded in the accounts as the benefits accrue to employees.

**PENSION PLAN**

Employees of the Fund are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Fund to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of the Fund and are charged to operations on a current basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for the indexation of payments under the *Supplementary Retirement Benefits Act*.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Capital assets, revenues and human resource related accrued liabilities are the most significant items for which estimates are used. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

**3 - Capital Assets and Accumulated Amortization**  
 (in thousands of dollars)

TABLE 14

	Cost March 31, 2001	Additions	Disposals	Cost March 31, 2002	Accumulated amortization	Net carrying value
Leasehold improvements	11 354	1 857	-	13 211	7 000	6 211
Software	689	27	-	716	676	40
Hardware	6 122	1 700	5 753	2 069	258	1 811
Equipment	47	-	47	-	-	-
Furniture	1 674	-	1 674	-	-	-
Systems						
INTREPID	3 735	-	-	3 735	2 447	1 288
TechSource	82 610	-	499	82 111	38 933	43 178
Other	4 942	2 056	-	6 998	2 826	4 172
Systems under development	<u>2 496</u>	<u>4 206</u>	<u>-</u>	<u>6 702</u>	<u>-</u>	<u>6 702</u>
Total	113 669	9 846	7 973	115 542	52 140	63 402

During the year, the Fund wrote down capital assets with an original cost of \$7973 (2001- \$12 464) and a net book value of \$1964 (2001- \$3179) because of a change in management's estimate of the useful lives of the assets or because the assets are no longer in use.

#### 4 - Deferred Capital Assistance (in thousands of dollars)

	2002	2001
Deferred capital		
assistance contribution	63 848	63 848
Accumulated amortization	<u>30 328</u>	<u>23 943</u>
Net book value	33 520	39 905

#### 5 - Equity of Canada

##### ACCUMULATED NET CHARGE AGAINST THE FUND'S AUTHORITY

Accumulated net charge against the Fund's authority is the cash position held by the Government on behalf of the Fund.

##### ACCUMULATED SURPLUS

The accumulated surplus is an accumulation of each year's surpluses including the absorption of the opening deficit of \$9.45 million upon establishment of the Fund.

#### 6 - Commitments (in thousands of dollars)

##### TECHSOURCE

The Fund has contracted Government Telecommunications and Informatics Services (GTIS) to provide maintenance services for the TechSource system. Amounts committed are:

2003	3 327
2004	3 327
2005	3 327
2006	496
	<u>10 477</u>

The Fund has operating leases for its premises from Public Works and Government Services Canada (PWGSC).

Future lease payments are as follows:

2003	5 422
2004	5 422
2005	5 292
	<u>16 136</u>

TABLE 15

#### 7 - Changes in Working Capital (in thousands of dollars)

Components of the changes in current assets and liabilities include:

	2002	2001
Accounts receivable	991	86
Unbilled revenues		
(short term)	136	(283)
Prepaid expenses	23	-
Deposit accounts	201	157
Accounts payable	1630	976
Deferred revenues		
(short term)	(2153)	2600
	<u>828</u>	<u>3536</u>

#### 8 - Related Party Transactions

Through common ownership, the Fund is related to all Government of Canada created departments, agencies and Crown corporations. Payments for accommodation, translation and legal services are made to related parties in the normal course of business.

#### 9 - Insurance

The Fund does not carry insurance on its property. This is in accordance with the Government of Canada policy of self-insurance.

#### 10 - Contingencies

##### SICK LEAVE

Employees are permitted to accumulate unused sick leave. However, such leave entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which will become payable in future years cannot reasonably be determined and accordingly have not been recorded in the accompanying financial statements. Payments of sick leave benefits are included in current operations as incurred.

#### 11 - Income Taxes

The Fund is not subject to income taxes.



## Section 6 Additional Financial Information

### Revolving Fund

As a special operating agency (SOA) within Industry Canada with revolving fund authority, CIPO finances its operations entirely from revenues generated by fees paid for IP services. Treasury Board Secretariat recently reviewed CIPO's Revolving Fund and reconfirmed the Office's mandate and financial viability.

The financial statements of CIPO's Revolving Fund (the "Fund") have been prepared in accordance with generally accepted accounting principles, as well as reporting standards and requirements of the Receiver General for Canada. CIPO has developed accounting policies and maintains the financial systems and internal controls necessary to fulfil its accounting and reporting responsibilities, assuring that transactions are recorded and executed in accordance with its authority and that its assets are safeguarded.

In the context of modern comptrollership, and to improve managerial accountability and reporting, CIPO hires external auditors to examine the financial statements and to express an opinion as to whether they present fairly CIPO's financial position at year-end.

### Management Report

#### Balance Sheet

The *balance sheet* of the Fund reveals that CIPO is in a good financial position. At the end of March 2002, the balance sheet indicates an ANCAFA (accumulated net charge against the Fund's authority) of \$54.1 million (\$16.4 million net of deferred revenues) and an accumulated surplus of \$38.4 million. (The ANCAFA represents the cash situation of the Fund.) Given CIPO's strong financial status and its ability to manage its cash flow, Parliament reduced CIPO's draw-down authority from \$15 million to \$5 million.

The *capital assets* of \$63.4 million, net of depreciation, represents mainly the net value of the two major informa-

tion technology (IT) systems, TechSource for patents and INTREPID for trade-marks, as well as other investments related to e-commerce initiatives.

Under liabilities, the current and long-term *deferred revenues* of \$13.3 million and \$24.4 million, respectively, represent the pre-paid amount for services to be provided in the near future and is directly linked with the growing inventory of files to be examined. The total deferred revenues account represents an increase of \$5.2 million over last year. The *deferred capital assistance* (DCA) has decreased by \$6.4 million. It is amortized on a straight-line basis over the useful life of the TechSource system.

Other financial elements such as assets and liabilities, accounts receivable and payable, and employee termination costs remain relatively stable.

The *accumulated surplus* stands at \$38.4 million as of March 31, 2002. CIPO is planning to carry over a portion of this amount to cover any fluctuations in demand and for required investment in capital assets. The balance will help CIPO to maintain/improve service levels by, for example, reducing turnaround times (in an environment of increasing demand for IP products/services), delivering new products/services, and investing in new IT (e.g. e-commerce) and human resources, while remaining both fiscally responsible and viable.

#### Income Statement

*Revenues* for fiscal year 2001-2002 equal \$77.3 million, which represents an increase of \$4.8 million over last year's. This increase comes mainly from fees for maintaining and assigning patents.

*Expenditures* for the same period equal \$81.5 million and are about \$10 million higher than last year's. Salary expenses represent a large part of this increase because of the significant investment in hiring new examiners to deal with the growing demand for IP products/services. Over the coming years, these investments in personnel will significantly reduce turnaround times in many areas and by doing so generate additional revenues. During the year, CIPO wrote down capital assets with an original cost of

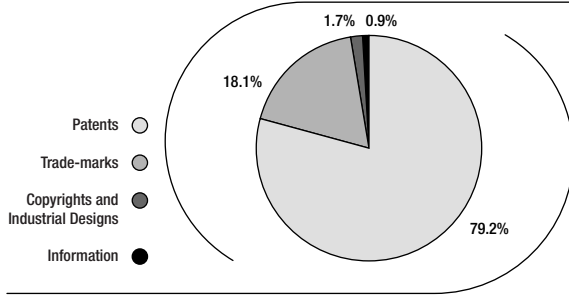
\$8 million and a net book value of \$2 million because of a change in management's estimate of the useful lives of the assets or because the assets are no longer in use. (For more details on revenues and expenditures, please refer to the graphs in Appendix 1.)

The *net income* before DCA and write-down of capital assets is a deficit of \$4.2 million; after DCA, it stands at a surplus of \$229 000.

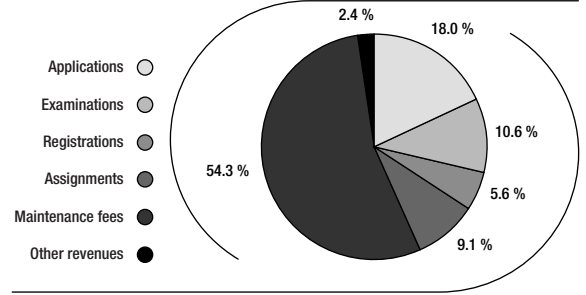


# Appendix 1 Financial Charts

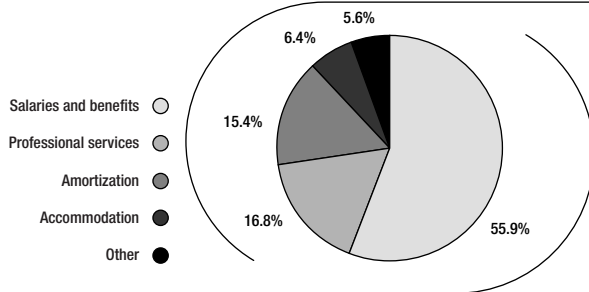
**FIGURE 11 Revenues by Products and Services**



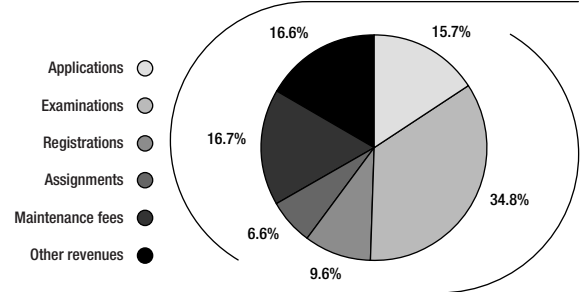
**FIGURE 14 Patent Revenues**



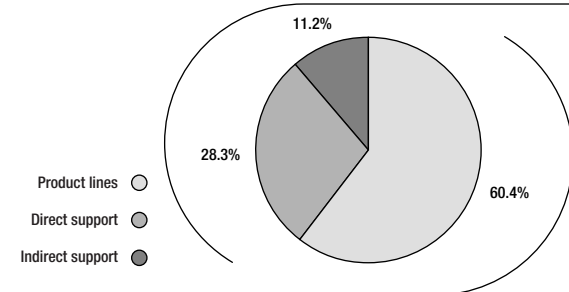
**FIGURE 12 Operating Expenditures by Category**



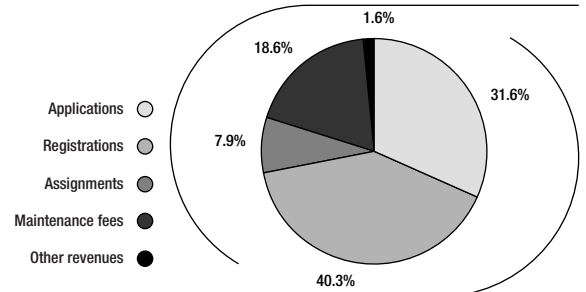
**FIGURE 15 Trade-mark Revenues**



**FIGURE 13 Expenditures by Branch Grouping**



**FIGURE 16 Copyright and Industrial Design Revenues**



# Appendix 2 Statistics

## Patent Statistics

TABLE 16

Patent Applications Filed by Language			
	1999-2000	2000-2001	2001-2002
English	34 867	37 824	38 412
French	1 917	1 833	1 763
<b>Total</b>	<b>36 784</b>	<b>39 657</b>	<b>40 175</b>

TABLE 17

### Patent Applications Filed and Granted by Province/Territory

	PCT	Non-PCT	Total	Grants
Alberta	140	574	<b>714</b>	186
British Columbia	135	443	<b>578</b>	126
Manitoba	16	77	<b>93</b>	29
New Brunswick	1	40	<b>41</b>	10
Newfoundland and Labrador	2	19	<b>21</b>	4
Northwest Territories	0	0	<b>0</b>	1
Nova Scotia	8	51	<b>59</b>	8
Nunavut	0	0	<b>0</b>	0
Ontario	429	1882	<b>2311</b>	534
Prince Edward Island	1	3	<b>4</b>	1
Quebec	314	1007	<b>1321</b>	319
Saskatchewan	8	89	<b>97</b>	27
Yukon	0	3	<b>3</b>	0
<b>Total</b>	<b>1054</b>	<b>4188</b>	<b>5242</b>	<b>1245</b>

TABLE 18

### Top Ten Patent Applicants

The Proctor and Gamble Company	503
Telefonaktiebolaget LM Ericson	256
Bayer Aktiengesellschaft	242
BASF Aktiengesellschaft	198
E.I. Du Pont de Nemours and Company	188
Honda Giken Kogyo Kabushiki Kaisha	174
Unilever PLC	161
Lucent Technologies Inc.	153
3M Innovative Properties Company	152
L'Oréal	144

TABLE 19

### Top Ten Patentees

The Proctor and Gamble Company	268
Lucent Technologies Inc.	155
AT&T Corp.	138
NEC Corporation	137
E.I. Du Pont de Nemours and Company	122
Westinghouse Air Brake Company	82
Xerox Corporation	75
Canon Kabushiki Kaisha	71
L'Oréal	71
General Electric Company	66

**Patent Applications Filed, Requests for Examination and Grants by Discipline****TABLE 20**

	1999-2000	2000-2001	2001-2002
<b>Biotechnology</b>			
Filed	4 066	4 384	4 394
Request for examination	2 064	2 088	2 911
Granted	677	614	643
<b>Computer-related</b>			
Filed	6 574	7 088	7 181
Request for examination	3 389	3 428	4 774
Granted	2 516	2 282	2 389
<b>Electrical/Physics</b>			
Filed	3 415	3 682	3 739
Request for examination	1 902	1 924	2 682
Granted	1 558	1 413	1 479
<b>Mechanical/Civil</b>			
Filed	8 305	8 953	9 129
Request for examination	5 356	5 419	7 550
Granted	3 385	3 070	3 213
<b>Organic Chemistry</b>			
Filed	4 607	4 967	5 047
Request for examination	3 231	3 268	4 553
Granted	1 665	1 510	1 581
<b>Other Chemistry</b>			
Filed	5 817	6 271	6 318
Request for examination	3 584	3 625	5 051
Granted	2 066	1 873	1 961
<b>Miscellaneous</b>			
Filed	4 000	4 312	4 367
Request for examination	2 383	2 410	3 359
Granted	1 242	1 126	1 179
<b>All Disciplines</b>			
Filed	36 784	39 657	40 175
Request for examination	21 909	22 162	30 880
Granted	13 109	11 888	12 445

**Patent Applications – Turnaround Time (TAT) from Request for Examination (RE) by Discipline****TABLE 21**

	Disposals*	TAT, Filing to First Action (Months)	Applications Awaiting First Action	Inventory (Applications with RE)
Biotechnology	1 435	28.2	5 002	7 089
Computer-related	3 342	24.2	8 994	10 852
Electrical/Physics	2 125	23.9	4 666	5 530
Mechanical/Civil	4 830	25.8	15 104	17 468
Organic Chemistry	3 010	28.5	8 767	10 881
Other Chemistry	3 085	27.3	9 210	11 721
Miscellaneous	1 834	27.8	6 952	7 908
All Disciplines	19 661	25.6	58 695	71 449

\* Does not include 97 disposals of applications filed prior to October 1989.

TABLE 22

**Patent Applications Filed and Granted  
by Origin as Stated by Applicant**

	Filed	Granted		Filed	Granted
Andorra	2	0	Jordan	1	0
Antigua	3	0	Latvia	1	0
Argentina	17	1	Lebanon	1	0
Australia	579	96	Liechtenstein	37	34
Austria	197	58	Luxembourg	57	20
Bahamas	16	0	Malaysia	4	0
Bahrain	3	0	Malta	1	0
Barbados	89	2	Mexico	22	6
Belarus	2	0	Monaco	6	0
Belgium	260	45	Netherlands Antilles	27	2
Belize	3	0	Netherlands	511	147
Bermuda	14	2	New Zealand	111	15
Brazil	47	7	Norway	184	42
British Virgin Islands	36	10	Panama	3	1
Bulgaria	4	1	Peru	0	1
Canada	5 242	1 245	Philippines	1	0
Cayman Islands	6	0	Poland	4	3
Chile	7	2	Portugal	12	0
China	71	5	Qatar	1	0
Colombia	3	1	Republic of Korea	267	82
Costa Rica	3	0	Russian Federation	64	7
Croatia	8	0	San Marino	1	0
Cuba	8	6	Saudi Arabia	3	1
Cyprus	12	3	Singapore	21	3
Czech Republic	7	3	Slovakia	5	0
Czechoslovakia	2	5	Slovenia	7	5
Denmark	259	45	South Africa	61	15
Ecuador	2	0	Spain	119	21
Estonia	2	0	Swaziland	3	0
Finland	403	94	Sweden	833	188
France	1 833	669	Switzerland	948	241
Georgia	3	0	Taiwan	202	34
Germany			Thailand	3	0
(Democratic Republic)	16	0	Tunisia	1	0
Germany			Turkey	3	0
(Federal Republic of)	3 140	645	Turks/Caicos Islands	5	1
Gibraltar	3	2	United Kingdom	1 717	422
Greece	14	0	Ukraine	10	0
Hong Kong	35	4	United Arab Emirates	1	0
Hungary	29	6	United States	18 193	6 419
Iceland	6	1	Uruguay	2	0
India	47	4	Uzbekistan	1	0
Indonesia	4	0	Venezuela	12	7
Ireland	89	19	Yugoslavia	0	1
Israel	257	36	Zimbabwe	1	0
Italy	497	130	Countries unknown	13	0
Japan	3 415	1 580			
			<b>Total</b>	<b>40 175</b>	<b>12 445</b>

## Trade-mark Statistics

**T A B L E 2 3**

<b>Trade-mark Applications Filed by Language</b>			
	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
English	39 271	41 326	34 566
French	3 313	3 483	3 125
<b>Total</b>	<b>42 584</b>	<b>44 809</b>	<b>37 691</b>

**T A B L E 2 4**

<b>Trade-mark Applications Filed by Province/Territory</b>		
	<b>Filed</b>	<b>Registered</b>
Alberta	1 507	718
British Columbia	2 135	855
Manitoba	395	200
New Brunswick	160	97
Newfoundland and Labrador	56	28
Northwest Territories	12	3
Nova Scotia	123	66
Nunavut	3	0
Ontario	8 147	4 075
Prince Edward Island	19	13
Quebec	4 053	1 789
Saskatchewan	168	75
Yukon	0	1
Province not specified	10	0
<b>Total</b>	<b>16 788</b>	<b>7 920</b>

**T A B L E 2 5**

<b>Top Ten Canadian Trade-mark Applicants</b>	
UL Canada Inc.	150
Dundee Bancorp	111
Canadian Imperial Bank of Commerce	71
Royal Bank of Canada	48
Canadian Tire Corporation Limited	42
Telus Corporation	42
Bell Canada	36
Molson Canada	36
The Bank of Nova Scotia	32
Sears Canada Inc.	31
Canada Post Corporation	31

TABLE 26

### Trade-mark Applications Filed and Registered by Origin as Stated by Applicant

	Filed	Registered		Filed	Registered
Anguilla	3	0	Lebanon	8	1
Antigua and Barbuda	3	0	Liechtenstein	16	12
Argentina	32	9	Luxembourg	37	11
Armenia	0	9	Malaysia	10	1
Australia	206	90	Malta	2	0
Austria	127	45	Mauritius	2	0
Bahamas	43	10	Mexico	80	31
Bahrain	2	1	Monaco	25	11
Barbados	13	6	Netherlands	383	162
Belgium	109	43	Netherlands Antilles	9	8
Belize	3	0	New Zealand	56	23
Benelux	1	0	Nicaragua	1	0
Bermuda	40	19	Norway	44	17
Brazil	70	6	OHIM (EC)	6	1
British Virgin Islands	69	16	Pakistan	1	0
Bulgaria	0	2	Panama	28	3
Canada	16 788	7 920	Paraguay	0	1
Cayman Islands	3	4	Peru	5	1
Channel Islands	9	2	Philippines	2	5
Chile	47	20	Poland	27	2
China	122	52	Portugal	46	15
Colombia	15	8	Republic of Korea	112	33
Costa Rica	3	5	Republic of Moldova	1	0
Croatia	7	1	Romania	11	0
Cuba	2	13	Russian Federation	15	3
Cyprus	6	0	San Marino	1	0
Czech Republic	9	6	Saudi Arabia	7	1
Denmark	109	41	Seychelles	1	0
Dominican Republic	1	7	Singapore	41	18
Ecuador	5	0	Slovakia	1	1
Egypt	0	2	Slovenia	4	0
Fiji	3	2	South Africa	30	14
Finland	76	64	Spain	162	103
France	1 046	501	Sri Lanka	9	2
Georgia	6	0	Sweden	178	91
Germany	1 508	507	Switzerland	752	277
Gibraltar	4	1	Syrian Arab Republic	0	1
Greece	1	1	Taiwan	109	31
Guatemala	1	0	Thailand	18	9
Hong Kong	96	52	Tunisia	4	0
Hungary	4	5	Turkey	15	11
India	25	11	Ukraine	2	3
Indonesia	6	4	United Arab Emirates	7	6
Iran (Islamic Republic of)	1	0	United Kingdom	772	344
Ireland	57	17	United States	11 608	5 156
Israel	51	20	Uruguay	1	1
Italy	393	239	Venezuela	1	1
Jamaica	5	0	Vietnam	7	0
Japan	1 942	347	West Indies	39	16
Jordan	3	2	Zimbabwe	0	1
Kyrgyzstan	14	0			
			<b>Total</b>	<b>37 691</b>	<b>16 746</b>

## Industrial Design Statistics

**TABLE 27**

<b>Industrial Designs Registered by Language</b>			
	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
English	2676	2720	3027
French	129	130	101
<b>Total</b>	<b>2805</b>	<b>2850</b>	<b>3128</b>

**TABLE 28**

<b>Industrial Designs Registered by Province/Territory</b>	
	<b>Registered</b>
Alberta	45
British Columbia	41
Manitoba	22
New Brunswick	2
Newfoundland and Labrador	1
Northwest Territories	0
Nova Scotia	18
Nunavut	0
Ontario	231
Prince Edward Island	4
Quebec	130
Saskatchewan	4
Yukon	0
<b>Total</b>	<b>498</b>

**TABLE 29**

<b>Top Ten Industrial Design Applicants</b>	
Henri Studio Inc.	85
Moen Incorporated	69
Nike International Inc.	57
The Proctor & Gamble Company	56
Kimberly-Clark Worldwide Inc.	53
Dart Industries Inc.	43
Sony Computer Entertainment Inc.	38
PI Design Inc.	37
Michelin Recherche et Technique S.A.	33
Timex Corporation	4

**TABLE 30**

<b>Industrial Designs Registered by Origin as Stated by Applicant</b>	
	<b>Registered</b>
Australia	38
Austria	2
Bahamas	1
Barbados	1
Belgium	9
Bermuda	1
Brazil	6
British Virgin Islands	1
Canada	498
China	10
Cyprus	1
Czech Republic	3
Denmark	7
Finland	42
France	93
Germany	101
Gibraltar	1
Hong Kong	36
Iceland	2
Ireland	3
Israel	13
Italy	46
Japan	167
Liechtenstein	1
Luxembourg	2
Malaysia	4
Netherlands	37
New Zealand	7
Norway	5
Panama	1
Republic of Korea	46
Russian Federation	1
Singapore	4
South Africa	2
Spain	13
Sweden	32
Switzerland	108
Taiwan	28
Thailand	4
Uganda	1
United Kingdom	89
United States	1 661
<b>Total</b>	<b>3 128</b>

## Copyright Statistics

TABLE 3 1

Copyright Applications Filed by Language			
	1999-2000	2000-2001	2001-2002
English	6085	5529	5148
French	1608	1383	1229
<b>Total</b>	<b>7693</b>	<b>6912</b>	<b>6377</b>

TABLE 3 2

Copyrights Filed by Origin as Stated by Applicant		Filed
Australia		40
Barbados		1
Bermuda		6
Brazil		1
China		57
Canada		5353
Fiji		1
France		27
Germany		8
Hong Kong		18
India		6
Ireland		9
Italy		7
Japan		39
Luxembourg		2
Malta		1
Mexico		4
New Zealand		3
South Africa		1
Spain		3
Switzerland		3
Ukraine		1
United Arab Emirates		21
United Kingdom		19
United States		745
Uruguay		1
<b>Total</b>		<b>6377</b>

TABLE 3 3

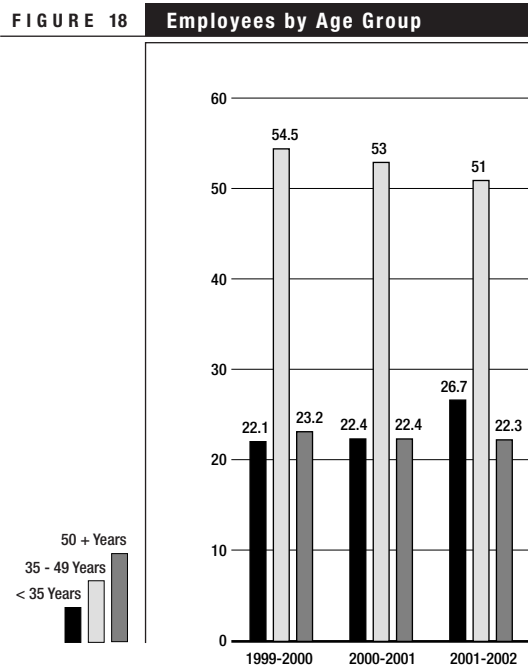
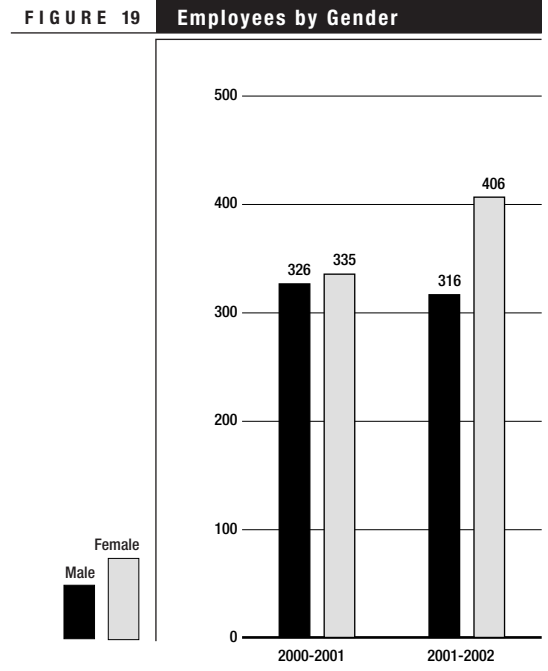
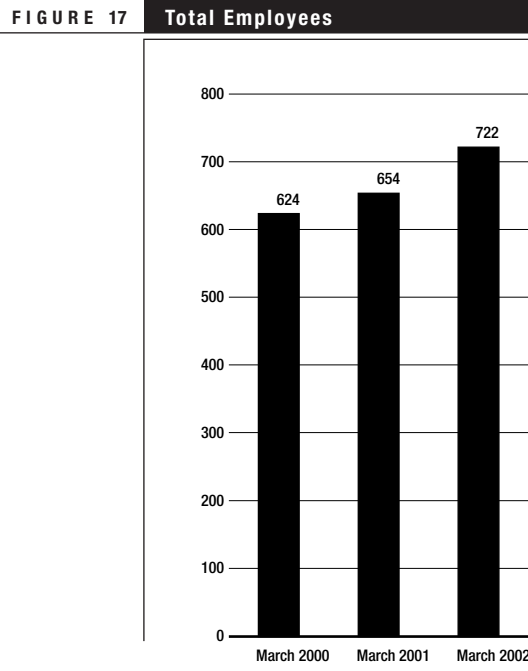
Copyright Applications Filed by Province/Territory		
	Filed	Registered
Alberta	524	484
British Columbia	934	839
Manitoba	219	194
New Brunswick	58	54
Newfoundland and Labrador	38	24
Northwest Territories	5	5
Nova Scotia	148	100
Nunavut	0	0
Ontario	1890	2136
Prince Edward Island	7	4
Quebec	1394	1599
Saskatchewan	130	111
Yukon	6	6
<b>Total</b>	<b>5353</b>	<b>5556</b>

TABLE 3 4

Top Ten Copyright Applicants	
Pearson Education Canada	311
Standard Knitting Ltd.	57
Immedia Telematics Inc.	54
Novell, Inc.	41
Adobe Systems Incorporated	40
Canadian General Tower Ltd.	36
The Medicine Group Ltd.	34
Groupe Éducalivres inc.	31
3360652 Canada Inc.	31
AMCA International Limited	30

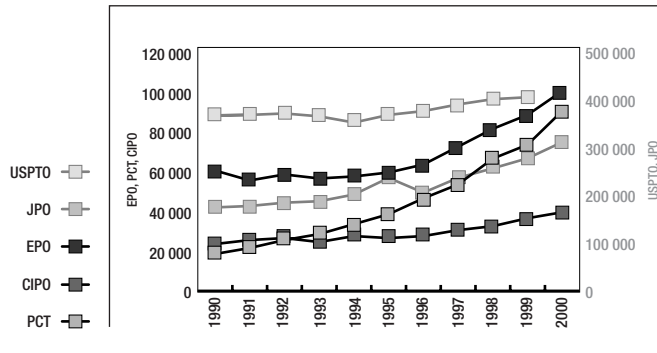


# Human Resources Statistics



## International Statistics

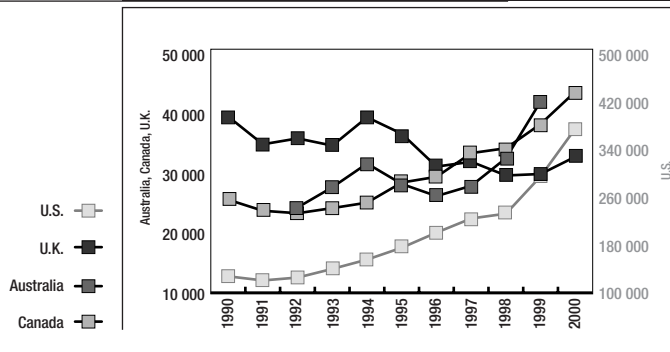
**FIGURE 20** International Demand for Patents Applications Filed



### Annual Increase of Patent Applications Filed (since 1995)

U.S.	5.5%
European Union	11%
PCT	18.5%
Canada	8.2%
Japan	2.4%

**FIGURE 21** International Demand for Trade-marks Applications Filed



### Annual Increase of Trade-mark Applications Filed (since 1995)

U.S.	16.5%
Australia	10.5%
Canada	8.9%
U.K.	-2.2%

**TABLE 35**

### International Fee Comparison (Canadian dollars)

	EPO	JPO	USPTO	CIPO
Patent Fees <sup>1</sup>	55 611	17 966	11 533	5 050
Trade-mark Fees <sup>2</sup>	6 262	6 197	3 688	350

<sup>1</sup> Fees from filing through grant, plus maintenance fees for full term, for a large entity.

<sup>2</sup> Fees from filing through registration.

## Appendix 3 Client Service Standards

Services	Client Service Standards	Current Status
<b>PATENTS</b>		
• acknowledge patent applications that include self-addressed return card	1 working day from the date of receipt of the application	1 working day
• issue filing certificate for patent applications meeting filing requirements	4 weeks from the date of receipt of the application	4 weeks
• issue an ownership registration certificate on receipt of documentation meeting registration requirements	4 weeks from the date of receipt of documentation	4 weeks
• provide substantive examination of most applications on receipt of an examination request filed after August 1, 2000	23 months from the date of receipt of an examination request	26.3 months
• state all known objections to patentability in the first examiner's report	at the time of examination	at examination
• issue a patent	12 weeks after receipt of final fees	12 weeks
<b>PATENT APPEAL BOARD</b>		
• contact patent applicant to arrange hearing date	24 months	24 months
• contact industrial design applicant to arrange hearing date	2 months	2 months
<b>TRADE-MARKS</b>		
• acknowledge correctly filed new applications	7 working days of filing date	13.6 working days
• acknowledge e-commerce applications	1 working day	1 working day
• approve acceptable applications	5 months of filing date	14.2 months
• issue first examination reports for unacceptable applications	13 months of filing date	16 months
• advertise marks in the <i>Trade-marks Journal</i>	6 weeks of approval	4.8 weeks
• allow unopposed marks where no examination report was needed	9 months of filing date	18.7 months
• allow unopposed marks where one or more examination reports were needed	17 months of filing date	23.5 months

Services	Client Service Standards	Current Status
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**TRADE-MARKS (cont.)**

• issue registration certificates	10 working days	12.7 working days
• issue assignment records for correctly filed assignment requests	6 weeks of request	7.2 weeks
• issue renewal certificates	15 working days of departmental receipt of fees	7.1 working days

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**TRADE-MARKS OPPOSITION BOARD**

• respond to correspondence		
- opposition	1 month of receipt	1 month
- Section 45	1 month of receipt	1 month
• conduct oral hearings		
- opposition	4 months of request	12 months
- Section 45	4 months of request	5 months
• render decisions		
- oral hearing opposition	2 months of oral hearing	1 month
- oral hearing Section 45	2 months of oral hearing	2 months
- non-hearing opposition	4 months of decision stage	3 months
- non-hearing Section 45	4 months of decision stage	5 months

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**COPYRIGHTS**

• regular process		
- forward to reviewer for examination	2 weeks from receipt of application	6 days
- check application for accuracy	1 week	2 days
- assign copyright registration number, print registration certificate, carry out quality control check	1 week	4 days
- mail registration certificate to applicant	4 weeks from receipt of application	3 days

Services	Client Service Standards	Current Status
<b>COPYRIGHTS (cont.)</b>		
<ul style="list-style-type: none"> <li>• accelerated action               <ul style="list-style-type: none"> <li>- undertake process on receipt of request; inform applicant by telephone</li> </ul> </li> </ul>	3 working days from receipt of request	1 working day
<ul style="list-style-type: none"> <li>• assignments and licensing               <ul style="list-style-type: none"> <li>- verify authenticity of documents and issue file number on receipt of original document (or the certified true copy) to be registered</li> <li>- mail registration and assignment document to applicant</li> </ul> </li> </ul>	3.5 weeks	3 weeks
<ul style="list-style-type: none"> <li>• copies or register extracts</li> </ul>	2 working days	2 working days
<ul style="list-style-type: none"> <li>• certified copies</li> </ul>	3 working days	2 working days
<b>INDUSTRIAL DESIGNS</b>		
<ul style="list-style-type: none"> <li>• receive applications               <ul style="list-style-type: none"> <li>- verify requirements are met</li> <li>- assign filing date and application number</li> <li>- prepare filing certificate or issue letter indicating application is incomplete</li> </ul> </li> </ul>	4 weeks of receipt	4 weeks
<ul style="list-style-type: none"> <li>• classify applications in accordance with Canadian Industrial Design classification system</li> </ul>	2 weeks of preliminary classification	2 weeks
<ul style="list-style-type: none"> <li>• search registered and prior art and examine applications to determine originality of designs               <ul style="list-style-type: none"> <li>- allow application or issue examiner's report outlining deficiencies</li> </ul> </li> </ul>	9 months of receipt	10.4 months
<ul style="list-style-type: none"> <li>• assign registration numbers               <ul style="list-style-type: none"> <li>- microfiche and mail registration certificates</li> </ul> </li> </ul>	2 weeks of allowance	2 weeks
<ul style="list-style-type: none"> <li>• abandonment and reinstatement               <ul style="list-style-type: none"> <li>- issue notification of abandonment</li> </ul> </li> </ul>	2 weeks after such files are identified	1 week
<ul style="list-style-type: none"> <li>- return reinstated application to examination process</li> </ul>	2 weeks of request	1 week

Services	Client Service Standards	Current Status
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**INDUSTRIAL DESIGNS (cont.)**

• prepare and mail transaction certificate and assignment	1 week of receipt of assignment	1 week
• prepare and mail maintenance certificate	1 week of receipt of fee	1 week

**CLIENT SERVICE CENTRE (INFORMATION BRANCH)**

• respond to calls	immediately	immediate
• access to Information Officer (on-site)	10 minutes	5 minutes
• access to automated search tools	workstation available	workstation available
• acknowledge requests by voice mail, e-mail and the Internet	2 working days	2 working days
• acknowledge general correspondence and fax requests	5 working days	5 working days
• mail kits	2 working days	2 working days
• patent reference documents - stored on site (C-229/C-111) (assignments and files)	15 minutes	5 minutes
- stored in St-Joseph Blvd. storage facility	1 working day	1 working day
- stored in archives and off-site	3 working days	3 working days
• section 11	5 working days	5 working days
• item 24	2 working days	2 working days

**RESOURCE CENTRE (INFORMATION BRANCH)**

• reference and research services - quick reference	15 minutes	15 minutes
- in-depth research	2-5 days	2-5 days
- training to use on-line public access catalogue and other electronic products	2-3 days of request	2-3 days

<b>Services</b>	<b>Client Service Standards</b>	<b>Current Status</b>
<b>RESOURCE CENTRE (INFORMATION BRANCH)</b>		
<b>(cont.)</b>		
- orientation to the Centre	2-3 days of request	2-3 days
- provision of bibliographies	2-3 days of request	2-3 days
- on-line literature searching	2 days of request	2 days
• new book acquisition and processing		
- regular requests	60 days of request (depending on availability)	60 days (if available)
- urgent requests	2-5 days	2-5 days
• inter-library loans		
- urgent	24 hours	24 hours
- regular	2-5 days	2-5 days
<b>REPRODUCTION AND SALES SERVICES (INFORMATION BRANCH)</b>		
• over-the-counter copies		
- small order (fewer than five patents from microfiche)	30 minutes (before 3:30 p.m.)	30 minutes
- large order (more than five patents)	1 working day	1 working day
• certified copies	3 working days	3 working days
• regular mail	5 working days	5 working days
• photocopies		
- fewer than 500 pages	2 working days	2 working days
- more than 500 pages	5 working days	5 working days
• certified copies		
- files in the office	2 working days	2 working days
- files in the public archives	5 working days	5 working days

# Appendix 4 Management Team and Regional Advisors

## Management Team

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