



Canadian
Intellectual Property
Office

An Agency of
Industry Canada

Office de la propriété
intellectuelle
du Canada

Un organisme
d'Industrie Canada

CIPO ANNUAL REPORT 2010–11



Adapting to Changing Realities





Adapting to Changing Realities

Canadian Intellectual Property Office **Annual Report 2010–11**



This publication is available upon request in accessible formats.

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About us

The Canadian Intellectual Property Office (CIPO), a Special Operating Agency (SOA) of Industry Canada (IC), is responsible for administering Canada's system of intellectual property (IP) rights: patents, trade-marks, copyrights, industrial designs and integrated circuit topographies.

CIPO's key functions include:

- assessing, granting and registering requests for IP rights;
- disseminating the business and technical information underlying these IP rights to allow other creators to build on existing innovations;
- encouraging invention, innovation and creativity in Canada;
- providing expert advice on IP administration to other countries; and
- promoting Canada's IP interests internationally.

Our primary clients are applicants for IP protection, agents representing those applicants, exploiters of IP systems, and the Canadian business community.

CIPO provides collaborative support to IC's Strategic Policy Sector and other government partners in the development of federal IP policies and positions as part of its larger commitment to build a competitive advantage for Canada in the global knowledge economy. In particular, the organization plays a lead role in IP administrative policy development. On the global stage, we work with the IP offices (IPOs) of other countries, particularly those of major trading partners, and with international organizations such as the World Intellectual Property Organization (WIPO) to advance Canada's IP interests.

Our self-funded status is an important factor guiding planning and operations. A reliance on the revenues that CIPO generates from its services reinforces its commitment to be effective, efficient and responsive to those seeking to establish IP rights. That commitment extends to our responsiveness to all parties and stakeholders who have an interest in CIPO's processes and activities and a focus on quality in all our work.

Additional information about CIPO is available at www.cipo.ic.gc.ca.



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 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

Quality

Continuous improvement



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 in both official languages.
- 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 in the official language of your choice.
- We provide you with access to an information officer at the Client Service Centre to deal with your enquiry within 10 minutes.
- If you wish to meet with a specialist, you must make an appointment beforehand.

General mail, email and fax enquiries

- We correspond with you in the official language of your choice.
- We acknowledge general correspondence, email and fax requests within two working days.

If you wish to formally register feedback concerning any of the products and services offered by CIPO, please use our online feedback mechanism located on CIPO's website by selecting the "Contact Us" button.

How to reach us

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Acronyms and initialisms

| | |
|--------------|---|
| APEC | Asia-Pacific Economic Cooperation |
| ATRS | Activity Time Reporting System |
| CIPO | Canadian Intellectual Property Office |
| DFAIT | Department of Foreign Affairs and International Trade |
| IC | Industry Canada |
| ICCMS | Integrated Client and Case Management Solution |
| IP | Intellectual property |
| IPO | Intellectual property office |
| IT | Information technology |
| MOPOP | Manual of Patent Office Practice |
| PCT | Patent Cooperation Treaty |
| PPH | Patent Prosecution Highway |
| SMEs | Small and medium-sized enterprises |
| SOA | Special Operating Agency |
| TAT | Turnaround times |
| TMB | Trade-marks Branch |
| TMOB | Trade-marks Opposition Board |
| USPTO | United States Patent and Trademark Office |
| WIPO | World Intellectual Property Organization |



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CEO message

During fiscal year 2010–11, despite the fragile global economic climate, CIPO continued on its path to becoming a leader in innovation, as outlined in our Five-Year Strategic Plan. This supports our role of contributing to Canada's economic success through the granting of high-quality and timely IP rights. In 2010–11, we continued to make progress in all areas of our Strategic Plan, added new e-services and continued our cost containment efforts.

CIPO has made significant improvements in service quality:

- Over the last few years, we significantly reduced the inventory of patent applications awaiting first examination.
- In 2010–11, we reduced our turnaround times (TAT) for the granting of IP rights.
- We replaced traditional paper-based processes with targeted investments in e-services to modernize the way we interact with our clients.
- We added new e-services, such as automatic filing of trade-marks opposition statements and first extensions of time, and provided better online information through webinars and e-newsletters.
- We offer more online payment options: CIPO clients may now replenish their deposit accounts through an electronic funds transfer, and use this account to pay for filing, registration, maintenance, and international application fees.

Underpinning CIPO's improvement in customer service is our continuing work to modernize Canada's IP administrative framework

domestically and with our international partners. In addition to signing three cooperation agreements with Finland, Germany and Spain, amendments to the *Patent Rules*, previously introduced by CIPO, came into force this year. These amendments, which include a change to accelerate the prosecution of green technology patents, have made the patent granting process simpler, faster and more flexible for both our domestic and international clients.

Externally, CIPO continued to raise IP awareness in Canadian communities, share best practices with other IPOs and build on our ongoing international responsibilities at WIPO, and other IP-related groups around the world.

After pursuing energetic staffing in prior years, we began to shift our human resources focus from tactical recruitment to long-term employee development. This shift provided new professional development opportunities for CIPO employees through executive leadership and continuous learning programs — programs that are crucial to fostering a culture of innovation at CIPO.

Since the beginning of the economic recession in 2008–09, CIPO has constrained expenditure growth to marginally greater than the cost of living through expenditure reviews. In 2010–11, we improved these cost control measures by launching the Activity Time Reporting System (ATRS). ATRS helps the organization understand the real cost of its business activities to drive process improvements throughout CIPO. In addition, our accommodation realignment project has centralized our operations for enhanced

efficiencies, and resulted in relinquishing almost 3800 square metres of space for future annual savings of more than \$1 million. These recent efforts to contain and reduce costs have provided us the flexibility to reinvest in new ways of conducting our business, and build a learning organization that fosters innovation.

Along with the progress on all our strategic objectives, and improved cost containment, this year also saw the departure of my predecessor, Mary Carman. Under Mary's leadership over the last four years, CIPO has grown into a financially stable and well-managed IPO, known for quality and timely IP rights. More importantly, Mary's

vision set CIPO on a course towards our goal of being an example of innovation — pushing us to not only re-engineer more efficient, automated and client-focused processes, but to also improve ourselves through continuous learning. I thank Mary for her exceptional contributions to CIPO.

Looking forward, we have begun to shape our next Strategic Plan. This plan will help us focus on areas critical to our mandate, our operations, and to achieving our long-term goals, while supporting the government's overall agenda of improving Canada's innovation and economic competitiveness.

Sylvain Laporte

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



Introduction

During the 2010–11 fiscal year, CIPO continued to deliver core services while progressing toward the objectives set out in its 2007–12 Strategic Plan entitled *Moving Forward to Canada's Advantage*. This annual report describes the actions taken and results achieved during 2010–11, as CIPO continued to work towards the five strategic directions set out in that plan:

- Client services: To improve products, services and processes in areas of highest priority to clients while supporting the greater public good.
- Outreach: To lead IPOs in the development of customized IP information, tools and services to assist Canadian small and medium-sized enterprises (SMEs) in acquiring competitive advantage in the marketplace so that increased IP knowledge and use become measurable factors in their global success.



- IP administrative framework: To improve IP (administrative) policy to benefit Canadians. The IP administrative framework includes legislation, regulations and office practices.
- International: To contribute to the improvement of the worldwide IP system and to benefit Canadians, through influencing international IP administrative policies and practices, and sharing and acquiring best practices and business intelligence.
- Our people: To be recognized as one of the best employers in the Government of Canada.

Strategic direction: Client services

Outcomes established in the Strategic Plan

- The delivery and quality of CIPO's products and services respond to client needs and expectations, and meet or surpass the performance of leading IPOs.
- CIPO clients, including the public, can easily locate the information and people they need.

Strategic direction and achievements

CIPO responded to client needs by improving the quality and delivery of its services, while enhancing access to information. For example, as the main point of contact for general enquiries, the Client Service Centre exceeded all of its service standards with 98.9 percent of general telephone enquiries being responded to within 24 hours, and all requests for access to on-site information officers being met within 10 minutes. In addition, other branches across CIPO also improved their services and processes to be more convenient and responsive to client needs by offering new methods to access information and new e-services.

Providing information to clients

Providing information about the IP system promotes client understanding and use of that information. The organization continued to seek ways to make information more readily available and to improve access to staff. Much of this took place through new information offerings on the web, including:

- *Trade-mark News*, a newsletter by the Trade-marks Branch (TMB) and Trade-marks Opposition Board (TMOB). This newsletter includes updates to the *Wares and Services Manual*, new consultations, practice notices, and “What’s New” announcements on trade-marks. There are currently 1850 individuals registered to receive these updates by email.
- New web pages devoted to providing agents and other patent, trade-mark and industrial design professionals with quick access to our information and services. These web pages contain links to all of the tools, references and services agents use most frequently.
- Webinars produced by TMB and TMOB. TMB has used this method to discuss the proposed amendments to the trade-marks legislation through two webinars. TMOB held another set of webinars to guide clients through its newly launched e-services. Altogether, eight webinars took place during the fiscal year, with a total of 665 participants.

Conducting business electronically

CIPO launched e-services for filing statements of opposition as well as for requesting extensions of time pursuant to section 47(1) of the *Trade-marks Act* in opposition proceedings. These included:

- automatic recording in the Trade-marks Database of statements of opposition and first extensions of time to oppose a trade-mark;
- receipt of immediate confirmation that the statement of opposition or request for an extension of time has been filed successfully;

Strategic direction: Client services

- quicker response times thanks to reduced handling and administration of documents; and
- the ability for a party involved to view and print the statement of opposition or the extension of time request which they filed online.

CIPO clients may now use their CIPO deposit account as a payment option for:

- fees for filing statements of opposition and extensions of time;
- patent maintenance fees;
- fees for international applications (PCT-SAFE); and
- trade-mark registration fees.

In addition, CIPO clients are also able to replenish deposit accounts through electronic funds transfer.



Strategic direction: Outreach

Outcomes established in the Strategic Plan

- Canadian SMEs have gained competitive advantage through the effective use of IP assets and information.
- Post-secondary graduates are aware of the benefits of IP and using IP information so that they will be better positioned to contribute to the realization of the business value of IP.

Strategic direction and achievements

CIPO's strategic direction on outreach underlines our commitment to promote awareness of the benefits of IP so as to increase use of IP for Canada's economic benefit. During 2010–11, the organization reviewed its approach to outreach. The updated strategy focuses primarily on post-secondary students and also on intermediaries serving exporting SMEs. In order to reach post-secondary students, CIPO will brief professors in select colleges and university faculties on IP and CIPO's educational tools, namely the IP case studies and the Bank of Speakers. The objectives of this new strategy are:

- to increase the use of IP case studies in universities, with a focus on targeted faculties (business, science, engineering and industrial design) and in colleges with applied research capacity; and
- to further develop our training initiatives with the Department of Foreign Affairs and International Trade (DFAIT) by exploring new intermediaries that would help CIPO reach exporting SMEs. CIPO will facilitate intermediaries' access to IP tools that they can provide to their clients.

During 2010–11, CIPO:

- delivered 60 IP case study sessions in 42 educational institutions, reaching more than 1400 students;
- worked with DFAIT, assisting in the delivery of training for trade commissioners on the basics of IP (three IP training courses were offered to 55 trade commissioners and 9 partner representatives);
- worked, in partnership with the Canadian Commercial Corporation (CCC), to provide IP training to 22 CCC officers;
- worked, in partnership with the Intellectual Property Institute of Canada to deliver, through the Bank of Speakers, 56 information sessions to 1255 business participants;
- connected with more than 2000 SMEs and other members of the business community at 19 trade shows; and
- handled, through its Client Service Centre, close to 60 000 enquiries and over 10 000 requests for documentation.

Strategic direction: IP administrative framework

Outcomes established in the Strategic Plan

- Canada's IP administrative framework is internationally competitive.
- CIPO leverages its expertise to contribute to the domestic IP agenda.

Strategic direction and achievements

Canada's IP administrative framework includes legislation, regulations and office practices. The organization works with stakeholders and international partners to manage the IP framework for the benefit of Canadians. It does so by identifying, supporting and making changes that will render the administrative framework more accessible to clients and stakeholders and more competitive with other IPOs.

A sound IP framework

The organization is working to ensure its office practices, as well as the federal regulatory and legislative framework, operate as efficiently as possible and that relevant information is accessible to clients, stakeholders and the general public.

Manual of Patent Office Practice (MOPOP) improvements

CIPO made the following revisions to the MOPOP (the guide on patent application procedures and practices) :

- Chapter 16, "Computer-Implemented Inventions," provides guidance and examples in order to clarify how the requirements for patentability apply to computer-implemented inventions. The chapter was revised to provide greater detail for these requirements.
- Chapter 9, "The Description," discusses the various requirements for proper disclosure under section 27(3) of the *Patent Act* as well as the various requirements as to the form and content of a description under the *Patent Rules*. The chapter was revised and now provides greater detail around the requirements for providing a correct and full description of an invention.
- Chapter 14, "Unity of Invention," deals with the requirements for unity of invention and for the filing of divisional applications. A draft revision for public consultation was released in February 2011. The chapter was revised to reinforce that Canadian standards for unity of invention are equivalent to standards under the Patent Cooperation Treaty (PCT), to clarify the dispute resolution mechanism in the case of an impasse regarding unity of invention, and to provide specific guidance to ensure a more consistent and predictable application of the correct standards.

Strategic direction: IP administrative framework

Patent Rules

The *Rules Amending the Patent Rules* came into force on October 1, 2010. The amendments include:

- simplification of the definition of the term “description;”
- clarification of the purpose of section 16(4);
- consolidation of provisions that address the establishment of a filing date;
- clarity regarding the confidential period;
- amendment of an incorrect reference to a section of the *Patent Act* regarding the payment of maintenance fees;
- updating of the reference to the definition of “small entity” in Form 3 of Schedule I to the *Patent Rules*;
- general clarification of Form 3 of Schedule I to the *Patent Rules*; and
- simplification of the completion requirements.

These amendments will assist applicants in obtaining patent rights and provide greater flexibility through the elimination of several administrative requirements, and the clarification of some *Patent Rules* provisions. In addition, they also support CIPO’s approach to align the *Patent Rules* with international standards.

A modern IP framework

CIPO made amendments to the *Patent Rules* to accelerate the prosecution of patent applications relating to environmental “green” technologies within the Canadian IP system. Expedited examination will have the effect of reducing the time it takes to patent these green technologies, which will enable inventors to secure funding, create businesses and bring green technology to market sooner.

An innovative IP framework

CIPO is committed to strengthening Canada’s IP administrative framework through domestic initiatives and international collaboration.

Success on the Patent Prosecution Highway (PPH)

The PPH allows an applicant for a patent whose claim is determined to be allowable by the first IPO they file it with to file the corresponding application at another IPO and have it prioritized for examination there.

During the fiscal year, CIPO signed three agreements for pilot projects with Finland, Germany and Spain, for a period of two years, beginning on October 1, 2010, and ending on September 30, 2012.

Following the success of the PPH pilot project with the United States Patent and Trademark Office (USPTO), CIPO concluded a PPH agreement with the USPTO for an indeterminate period.

Currently, CIPO also has PPH agreements with its counterparts in Japan, the Republic of Korea, Denmark, Finland, Germany and Spain.

PPH agreements enable the organization to have significantly faster processing time by working in collaboration with other IPOs. In view of these benefits, CIPO continues to work toward establishing effective PPH agreements with other IPOs with which Canadians seek patent rights.

Strategic direction: International activities

Outcomes established in the Strategic Plan

- CIPO is proactive and demonstrates leadership in advancing Canada's IP position internationally.
- The IP assistance provided to developing countries is recognized as being of high quality.

Strategic direction and achievements

The organization's international strategy is to advance Canada's international IP position by working to strengthen the global IP system. We achieve progress towards these goals through our active participation in international fora, by working with like-minded countries to improve administrative rules and practices, and by providing technical IP assistance to developing countries.

CIPO branches are involved in providing strategic intelligence, evaluation and advice on international IP issues. CIPO works with IPOs of other countries and with organizations such as WIPO, the World Trade Organization, and the Asia-Pacific Economic Cooperation (APEC). In 2010–11, CIPO advanced its international strategy through the following activities:

Participation in WIPO meetings

CIPO continued to convey its views and those of Canada through participation in WIPO

meetings, in particular, the expert and technical working groups and committees, including the Standing Committee on Patents and the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications. The organization also participated in WIPO's Program and Budget Committee, the Committee on Development and Intellectual Property, and the WIPO Assemblies. CIPO's activities have continuously promoted enhanced transparency and effectiveness in governance and operations in WIPO. CIPO's participation has ensured WIPO focuses on shared priorities.

Chairing Group B+

CIPO continued to actively advance the discussion on substantive patent law harmonization by chairing the Group B+ plenary, a position it has held since 2008. While harmonization has not yet been achieved, these efforts have resulted in a greater understanding of the outstanding issues among members.

Working as an international authority under the PCT

CIPO is an international authority under the PCT. In addition to performing search and preliminary examination work in this role, the organization actively participates in meetings such as the Meeting of International Authorities, with the goal of improving the PCT system for Canadian applicants. CIPO's participation in the PCT Working Group has focused on practical efforts to enhance the value of international search and preliminary examination under the PCT.



Strategic direction:
International activities

The organization's support for an enhanced quality framework and innovative initiatives such as a third-party observation system will result in an improved system characterized by the rapid resolution of rights without having to amend the PCT or its regulations.

Participation in IPO working groups

CIPO continued to work with informal groups of IPOs from nations that share a similar commitment to IP administrative improvements. For instance, the organization, along with the IPO of the United Kingdom and Australia (the "Vancouver Group") worked to improve understanding of work-sharing initiatives and business performance reporting, among other issues. The organization also worked with WIPO and its counterparts in the United Kingdom and Australia, to launch the Centralized Access to Search and Examination system, which provides a digital library of search and examination reports that can be shared by participating IPOs. This tool will help to reduce the time and effort that patent examiners in the participating countries spend on processing duplicate applications filed in multiple offices.

Participation in APEC activities

CIPO continued to lead the Canadian delegation at the APEC–Intellectual Property Rights Experts' Group and has maintained its membership in the Quality Assessment Framework team. The organization's participation aims at deepening the dialogue on IP policy and exchanging information on IP issues with APEC members, who represent Canada's most important business and trading partners.

Technical assistance to developing countries

CIPO continued to offer technical assistance to developing countries to assist in building capacity for IP rights administration and protection. This included the delivery of a joint workshop with WIPO on management techniques attended by senior IPO officials from 12 developing countries. The workshop was intended to enhance knowledge and skills of management techniques in the delivery of IP services, with a view to improving the capacity of IPOs in developing countries and to provide a forum for the exchange of ideas. By hosting the workshop, CIPO contributed to Canada meeting its Trade-Related Aspects of Intellectual Property Rights obligations of providing technical and financial cooperation programs to developing and least-developed countries. The organization provided technical assistance in the area of patents to the Antigua and Barbuda Intellectual Property Office to assist in the development of their IP systems. CIPO also provided both state-of-the-art searches and search and examination reports as part of WIPO's Patent Information Services.

Strategic direction: Our people

Outcomes established in the Strategic Plan

- To be recognized as one of the best employers in the Government of Canada.
- CIPO is a learning organization where individual capabilities and organizational leadership are reinforced.
- Employees are committed, supportive and involved in their job and organization.

CIPO's operations demand a labour force with specialized knowledge. Our most valuable assets are the talent and commitment of our people. The organization enjoyed a retention rate of 93 percent. CIPO is a slightly younger organization than the public service as a whole, with 60 percent of employees being under 45, compared to 50 percent in all the public service. Thus strong retention of a young workforce translates into a robust internal pool of future leadership talent.

During 2009–10, only 21 percent of CIPO employees eligible to retire chose to do so. However, this number rose to 39 percent during 2010–11. While this is a significant increase, which we will monitor, it highlights the importance of preparing our young workforce to take on new challenges and responsibilities.

Other human resources activities included:

- The use of collective staffing processes to efficiently create pools of qualified people to fill multiple job openings. This helped to ensure that new CIPO employees have skills that can support the organization as a whole.
- A customized learning program, developed by the University of Ottawa's Telfer School of Management, was delivered to a group of directors and managers.
- A continuous learning program for employees in the Examination and Operations sections of the Patent Branch. The program helps employees maintain their professional skills and stay abreast of new developments.

CIPO's strategic enablers

Internal functions within CIPO, such as information management, communications, planning and reporting, facilities management and finance, enable the organization to operate and deliver services in an efficient and coordinated manner.

Accomplishments in 2010–11 included:

- *Launch of the Activity Time Reporting System (ATRS)*. This tool was designed to help the organization better understand the real cost of its business activities and transactions. Information from ATRS supports decision making in areas such as developing and tracking productivity and efficiency, making process improvements and analyzing the cost/benefit of investments.
- *Major accommodation changes to centralize CIPO operations and relinquish unnecessary office space will reduce the cost of accommodations*. Through our realignments and relocation of staff we have vacated almost 3800 square metres of space.
- *The continued use of strategic research to support CIPO's ability to improve policy, program and service delivery initiatives and activities*. Strategic research at CIPO includes economic research, strategic analysis of priority items, data collection, maintaining

links with the broader IP-related economic research community, and performance management, including audit and evaluation.

- *Accomplishments also included a number of reports and key activities:*
 - 2007–10 Progress Report to the 2007–12 Strategic Plan;
 - an empirical investigation into the use of extensions of time in the trade-mark opposition process; and
 - the identification of industrial design formalities requirements for filing and renewal in order to facilitate the possible harmonization of industrial design law and practices aimed at simplifying and unifying the procedures for applicants.
- *The CIPO Resource Centre continued to support staff in meeting their work objectives*. New desktop tools enabled quick and easy access to valuable online information resources, including over 55 988 electronic journals, 55 databases and 6823 e-book titles, all of which help in such tasks as patent and trade-mark examinations. These tools were used for 531 357 downloads by staff. In addition, the Centre responded to 7226 requests for documentation and maintained a print collection that was used more than 11 956 times.

Conclusion

The path ahead

CIPO has demonstrated that it has the agility required to make the operational and resource management adjustments necessary to respond to an environment that is in a constant state of evolution, while continuing to make progress towards the outcomes identified in our 2007–12 Strategic Plan.

In 2011–12, we will build on this progress with initiatives such as:

- developing a new business strategy to align our organization to economic growth and innovation;
- working to modernize Canada's IP administrative framework to make it internationally competitive;
- conducting a customer segmentation analysis to better understand our clients and offer better services;
- expanding our outreach activities to increase IP awareness; and
- continuing to improve financial management, reporting and controls to ensure operational excellence.

Inspired by our understanding of the critical importance of IP to Canada's economic development, and in consultation with our clients and stakeholders, CIPO will continue to administer and advance Canada's IP rights system, for the benefit of all Canadians. We will pursue our strategic objectives with the creative energy of our people and the innovative, entrepreneurial spirit of the users of Canada's IP system.

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 fulfill 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 gives 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, 2011, and the results of operations and cash flow for the year then ended in accordance with the accounting principles for revolving funds of the Government of Canada as described in Note 2 to the financial statements.

Approved by:



Sylvain Laporte
Commissioner of Patents,
Registrar of Trade-marks and
Chief Executive Officer



Kelly Gillis, CA
Chief Financial Officer

May 30, 2011

Audited financial statements

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Independent Auditor's Report

To the Deputy Minister,
Industry Canada

We have audited the accompanying financial statements of the Canadian Intellectual Property Office Revolving Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2011, and the statements of operations and net liabilities and of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of the Fund based on the financial reporting provisions of Section 4 of the Treasury Board of Canada's Policy on Special Revenue Spending Authorities and the Revolving Funds Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Section 4 of the Treasury Board of Canada's Policy on Special Revenue Spending Authorities and the Revolving Funds Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report (Continued)

Auditor's Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Section 4 of the Treasury Board of Canada's Policy on Special Revenue Spending Authorities and the Revolving Funds Act.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements have been prepared to assist the management of the Fund and the Treasury Board Secretariat for reporting on the use of the Fund authority. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Fund and the Treasury Board Secretariat and should not be used by parties other than the management of the Fund and the Treasury Board Secretariat.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

May 30, 2011

Audited financial statements

Statement of Authority Provided (Used) (Unaudited)
for the year ended March 31, 2011 (in thousands of dollars)

| | 2011 | | 2010 | |
|---|------------------|---------------|------------------|---------------|
| | Estimates | Actual | Estimates | Actual |
| Net results | 468 | 4 321 | 3 397 | 3 085 |
| Add: items not requiring the use of funds | 4 510 | 3 732 | 5 562 | 3 238 |
| Operating source of funds | 4 978 | 8 053 | 8 959 | 6 323 |
| Less: items requiring use of funds | | | | |
| Net capital acquisitions | 14 330 | 1 450 | 8 000 | 2 741 |
| Net other assets and liabilities | 4 306 | 2 206 | (243) | 2 262 |
| Authority provided (used) | (13 658) | 4 397 | 1 202 | 1 320 |

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

Reconciliation of Unused Authority (Unaudited)
as at March 31, 2011 (in thousands of dollars)

| | 2011 | 2010 |
|--|-------------|-------------|
| Debit balance in the accumulated net charge against the Fund's authority (ANCAFA) | (155 687) | (147 981) |
| Transfer from Treasury Board for employee termination benefits | — | — |
| | (155 687) | (147 981) |
| Add: payable at year-end (PAYE) charges against the appropriation account after March 31 | 6 833 | 6 484 |
| Less: amounts credited to the appropriation account after March 31 | 1 491 | 1 563 |
| Other items | 2 808 | 5 696 |
| Net authority provided, end of year | (153 153) | (148 756) |
| Authority limit | 5 000 | 5 000 |
| Unused authority carry forward | 158 153 | 153 756 |

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

Statement of Financial Position
as at March 31, 2011 (in thousands of dollars)

| | 2011 | 2010 |
|--|-----------------|-----------------|
| Assets | | |
| Current | | |
| Petty cash | 2 | 2 |
| Accounts receivable | | |
| Government of Canada | 1 | 34 |
| Outside parties | 1 458 | 1 529 |
| Unbilled revenues | 8 067 | 7 676 |
| Prepaid expenses | 555 | 1 025 |
| | <u>10 083</u> | <u>10 266</u> |
| Capital assets (Note 3) | 8 183 | 10 465 |
| Unbilled revenues | 710 | 1 441 |
| | <u>18 976</u> | <u>22 172</u> |
| Liabilities | | |
| Current | | |
| Deposit accounts | 4 569 | 3 441 |
| Accounts payable | | |
| Government of Canada | 4 347 | 2 724 |
| Outside parties | 5 285 | 5 112 |
| Deferred revenues | 42 210 | 39 866 |
| | <u>56 411</u> | <u>51 143</u> |
| Employee termination benefits (Note 4) | 15 379 | 14 695 |
| Deferred revenues | 39 521 | 45 284 |
| | <u>54 900</u> | <u>59 979</u> |
| Contractual obligations (Note 6) | | |
| Contingencies (Note 10) | | |
| Net liabilities (Note 5) | <u>(92 335)</u> | <u>(88 950)</u> |
| | <u>18 976</u> | <u>22 172</u> |

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

Audited financial statements

Statement of Operations and Net Liabilities
for the year ended March 31, 2011 (in thousands of dollars)

| | 2011 | 2010 |
|--|-----------------|-----------------|
| Revenues | 147 490 | 149 448 |
| Expenses | | |
| Salaries and employee benefits | 97 093 | 97 542 |
| Professional services | 28 615 | 26 396 |
| Amortization of capital assets | 3 732 | 4 241 |
| Accommodation | 8 747 | 8 630 |
| Materials and supplies | 1 013 | 1 377 |
| Information | 170 | 311 |
| Communications | 873 | 837 |
| Travel | 634 | 681 |
| Freight and postage | 467 | 477 |
| Repairs and maintenance | 972 | 840 |
| Training | 672 | 764 |
| Rentals | 181 | 174 |
| Bad debt expense | | 2 |
| | <u>143 169</u> | <u>142 272</u> |
| Net results before adjustment | 4 321 | 7 176 |
| Adjustment for employee termination benefits (Note 4) | | <u>(4 091)</u> |
| Net results | 4 321 | 3 085 |
| Net liabilities, beginning of year | (88 950) | (94 160) |
| Net financial resources provided and change in the ANCAFA account, during the year | <u>(7 706)</u> | <u>2 125</u> |
| Net liabilities, end of year | <u>(92 335)</u> | <u>(88 950)</u> |

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

Statement of Cash Flow
for the year ended March 31, 2011 (in thousands of dollars)

| | 2011 | 2010 |
|--|----------------|----------------|
| Operating activities | | |
| Net results | 4 321 | 3 085 |
| Add: Amortization of capital assets | 3 732 | 4 241 |
| | <u>8 053</u> | <u>7 326</u> |
| Changes in working capital (Note 7) | 5 451 | (3 883) |
| Changes in other assets and liabilities | | |
| Unbilled revenues | 731 | (189) |
| Employee termination benefits | 684 | 4 786 |
| Deferred revenues | (5 763) | (7 424) |
| | <u>(4 348)</u> | <u>(2 827)</u> |
| Net financial resources provided by operating activities | 9 156 | 616 |
| Investing activities | | |
| Acquisition of capital assets | <u>(1 450)</u> | <u>(2 741)</u> |
| Net financial resources provided and change in the ANCAFA account, during the year | 7 706 | (2 125) |
| ANCAFA account, beginning of year | <u>147 981</u> | <u>150 106</u> |
| ANCAFA account, end of year (Note 5) | <u>155 687</u> | <u>147 981</u> |

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

Notes to financial statements for the year ended March 31, 2011 (tabular amounts in thousands of dollars)

1 — Authority and purpose

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 and 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 fiscal year ended March 31, 2002, 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.

Pursuant to Treasury Board decision # 833200 (Budget 2006 Spending Restraint), dated November 30, 2006, and effective in 2006–07, the Fund transferred \$50 million of its accumulated surplus to the accumulated net charge against the Fund’s authority (“ANCAFA”).

The Fund is not subject to income taxes.

2 — Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the reporting requirements for revolving funds as described by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:

- services received without charge from other government departments are not reported as expenses;
- vacation pay and employee termination benefits liability are based on management’s estimates rather than based on actuarial valuations; and
- contingent liabilities are disclosed rather than recorded.

The significant accounting policies are as follows:

Notes to financial statements

Revenue recognition

Fees received for processing patent, trade-mark and industrial design applications are recorded as deferred revenues until services are rendered, at which time they are recorded as revenue. Detailed inventory counts of applications are used to determine the amount of deferred revenue taking into account the fee schedule related to the application. Different rates may be charged depending on the size of the entity. Abandonments during the application process are recorded as earned revenue. When work is completed prior to the receipt of the fee, the amount is recorded as unbilled revenue. Fees are prescribed by various orders-in-council.

Capital assets and amortization

Capital assets are recorded at cost and 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 |
| Leasehold improvements | 5 years |
| Equipment | 10 years |
| Furniture | 10 years |
| Systems | Estimated useful life, beginning in the year of deployment |

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. These benefits are accrued as employees render the services necessary to earn them.

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 Canadian 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. Revenues, the estimated useful lives of capital assets and salary-related liabilities are the most significant items for which estimates are used. Actual results could differ from these 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.

Notes to financial statements

3— Capital assets and accumulated amortization

| Capital assets | Balance at April 1, 2010 | Acquisitions | Disposals | Balance at March 31, 2011 |
|---------------------------|-------------------------------------|---------------------|------------------|--------------------------------------|
| Leasehold improvements | 22 132 | — | — | 22 132 |
| Software | 10 114 | 359 | 123 | 10 350 |
| Hardware | 1 771 | — | 11 | 1 760 |
| Equipment | 31 | 48 | — | 79 |
| Furniture | 296 | 95 | — | 391 |
| Systems | | | | |
| INTREPID | 3 983 | — | — | 3 983 |
| TechSource | 5 361 | — | — | 5 361 |
| Other | 12 572 | — | 1 537 | 11 035 |
| Systems under development | 2 681 | 948 | — | 3 629 |
| | <u>58 941</u> | <u>1 450</u> | <u>1 671</u> | <u>58 720</u> |

| Accumulated amortization | Balance at April 1, 2010 | Amortization | Disposals | Balance at March 31, 2011 |
|-------------------------------------|-------------------------------------|---------------------|------------------|--------------------------------------|
| Leasehold improvements | 20 810 | 958 | — | 21 768 |
| Software | 8 577 | 999 | 123 | 9 453 |
| Hardware | 1 679 | 43 | 11 | 1 711 |
| Equipment | 7 | 3 | — | 10 |
| Furniture | 31 | 36 | — | 67 |
| Systems | | | | |
| INTREPID | 3 978 | 5 | — | 3 983 |
| TechSource | 4 279 | 541 | — | 4 820 |
| Other | 9 115 | 1 147 | 1 537 | 8 725 |
| Systems under development | — | — | — | — |
| | <u>48 476</u> | <u>3 732</u> | <u>1 671</u> | <u>50 537</u> |
| | <u>10 465</u> | | | <u>8 183</u> |

Notes to financial statements

4 — Employee termination benefits

Until March 31, 2009, employee termination benefits earned prior to an employee joining the Fund were a liability of the Treasury Board and accordingly were not recorded in the financial statements. The liability for benefits earned after an employee joins the Fund was recorded in the accounts as the benefits accrue to employees. As of April 1, 2009, the Fund is responsible for all employee termination benefits of its employees. A one-time adjustment of \$4 091 347 was required to record in the accounts the liability for the total benefits earned by employees, regardless of when an employee joined the Fund. The long-term liability account for termination benefits has been adjusted accordingly with an offset against the Fund's accumulated surplus.

| | 2011 | 2010 |
|--|---------------|---------------|
| Employee termination benefits, beginning of year | 14 695 | 9 909 |
| Benefits paid during the year | (1 167) | (709) |
| Expense for the year | 1 851 | 5 495 |
| Employee termination benefits, end of year | <u>15 379</u> | <u>14 695</u> |

5 — Net liabilities

Accumulated net charge against the Fund's authority ("ANCAFA")

The ANCAFA is the cash position of the Fund, 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 \$9 448 000 upon establishment of the Fund.

| | 2011 | 2010 |
|--|-----------------|-----------------|
| Accumulated surplus, beginning of year | 59 031 | 55 946 |
| Net results | 4 321 | 3 085 |
| Accumulated surplus, end of year | <u>63 352</u> | <u>59 031</u> |
| ANCAFA, end of year | (155 687) | (147 981) |
| Net liabilities | <u>(92 335)</u> | <u>(88 950)</u> |

Notes to financial statements

6 — Contractual obligations

The Fund is engaged in contractual obligations for:

| | | |
|---|-------------|-----------------------|
| Information technology services with Public Works and Government Services Canada | 2012 | 4 810 <u>4 810</u> |
| Operating leases for its office premises | 2012 | 8 835 |
| | 2013 | 8 919 |
| | 2014 | 9 333 |
| | | <u>27 087</u> |
| Applications development and maintenance support within the framework of the Continued Systems Improvements Program | 2012 | 1 616 <u>1 616</u> |
| Applications development and maintenance support within the framework of the Task-Based Informatics Professional Services | 2012 | 1 111 <u>1 111</u> |
| Searching services and access to online databases | 2012 | 3 085 <u>3 085</u> |

7 — Changes in working capital

Components of the changes in current assets and liabilities include:

| | 2011 | 2010 |
|--------------------------------|--------------|----------------|
| Accounts receivable | 104 | 798 |
| Unbilled revenues (short term) | (391) | (594) |
| Prepaid expenses | 470 | (793) |
| Deposit accounts | 1 128 | 553 |
| Accounts payable | 1 796 | (4 454) |
| Deferred revenues (short term) | 2 344 | 607 |
| | <u>5 451</u> | <u>(3 883)</u> |

Notes to financial statements

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, legal services, compensation and benefits services, mail services, security services, and mainframe and computing 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.

Additional financial information

Revolving fund

As an SOA within IC, with a revolving fund authority, CIPO finances its operations entirely from revenues generated by fees received from the provision of IP services.

The financial statements of CIPO's Revolving Fund (the "Fund") have been prepared in accordance with the reporting requirements for revolving funds described by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because services received without charge from other government departments are not reported as expenses; the expenses and liability for termination benefits excludes the portion not funded by the Fund; and contingent liabilities are disclosed rather than recorded. Some of the information included in these financial statements is based on management's best estimates and judgment, with due consideration given to materiality.

CIPO develops accounting policies and maintains the financial systems and internal controls necessary to fulfill its accounting and reporting responsibilities. By adhering to sound financial management practices and internal accounting controls, CIPO's financial administration provides reasonable assurance 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, external auditors are hired 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 good financial health. At the end of March 2011, the balance sheet (Note 5) indicates an accumulated net charge against the fund's authority (ANCAFA — representing the cash situation of the Fund) of \$155.7 million or \$69.4 million if current and long-term deferred revenues and deposit accounts are excluded. An amount of \$8.8 million is recorded under unbilled revenues, which represents the value of work completed prior to the receipt of the fee. This relates mainly to trade-mark examinations and registrations where part of the examination fee is received before the work starts (recorded under deferred revenues) and the second part is received after the work is completed and accounted for under the unbilled revenues.

The capital assets of \$8.2 million, net of depreciation, represent mainly the net value of the product lines systems, the leasehold accommodation, and information technology (IT) systems and software under development. Every year, investments are made to increase an IT capability that is closely aligned with CIPO's business objectives and requirements.

Additional financial information

Under liabilities, the current and long-term deferred revenues of \$42.2 million and \$39.5 million, respectively, represent the prepaid amount for services to be provided in the near future and are directly linked with the inventory of patent and trade-mark files to be examined. Note the total current deferred revenues account represents the equivalent of the work to be performed during the coming year. The accounts payable of \$9.6 million represents an increase of \$1.8 million from last year and are related to payables to outside parties and to federal departments. Also, as of April 1, 2009, and based on revolving fund guidelines, CIPO is now responsible for all employee termination benefits of its employees. In 2009–10, a one-time adjustment of \$4.1 million was required to record in the accounts the liability for the total benefits earned by employees, regardless of when an employee joined the Fund. The long-term liability account for termination benefits has been adjusted accordingly with an offset against the Fund's accumulated surplus (see Note 4 of Notes to Financial Statements). Other financial elements of assets and liabilities remain relatively stable.

The accumulated surplus stands at \$63.4 million as of March 31, 2011. The accumulated surplus ensures that CIPO will be able to remain both fiscally responsible and viable and will be in the position to maintain and improve service levels. This includes for instance, reducing TAT and investing in the renewal and expansion of IT systems for the delivery of improved products and services to meet the evolving needs of clients, international obligations and to keep pace with the product and service offerings of other international IPOs.

Income statement

Revenues for fiscal year 2010–11 equal \$147.5 million which represents a small decrease of \$2.0 million (1.3%) over the previous fiscal year. Expenditures for the same period were \$143.2 million, an increase of only \$0.9 million (0.6%) over last year. This is mainly due to increased salary expenditures as CIPO continued to hire new examiners. This investment in human resources has already had a significant positive impact on TAT in many areas. CIPO had a net income of \$4.3 million.

For more detail on revenues and expenditures, please refer to the charts in Appendix B.

Appendix A: Key activities

Table 1

| | 2008–09 | 2009–10 | 2010–11 |
|--|---------|---------|---------|
| Applications | | | |
| Patents | 40 796 | 37 375 | 35 318 |
| National | 9 961 | 9 121 | 8 054 |
| Patent Cooperation Treaty | 30 835 | 28 254 | 27 264 |
| Trade-marks | 43 526 | 42 213 | 46 480 |
| Copyrights | 8 424 | 9 171 | 9 082 |
| Industrial designs | 4 864 | 4 598 | 5 138 |
| Integrated circuit topographies | 2 | — | 1 |
| International Search Authority (ISA) | 2 248 | 2 202 | 2 143 |
| International Preliminary Examining Authority (IPEA) | 331 | 368 | 259 |
| Requests for examination | | | |
| Patents | 30 376 | 30 187 | 30 627 |
| Disposals | | | |
| Patents | 35 188 | 39 108 | 38 235 |
| Grants/Registrations | | | |
| Patents | 18 251 | 20 118 | 19 778 |
| Trade-marks | 26 697 | 26 002 | 31 201 |
| Copyrights | 8 273 | 9 021 | 9 056 |
| Industrial designs | 5 659 | 5 078 | 4 950 |
| Integrated circuit topographies | 2 | — | — |
| Abandonments | | | |
| Trade-marks | 18 221 | 18 482 | 20 006 |
| Copyrights | 140 | 180 | 232 |
| Industrial designs | 482 | 416 | 344 |
| Maintenance/Renewals | | | |
| Patents | 308 249 | 306 856 | 301 323 |
| Trade-marks | 9 104 | 9 984 | 10 039 |
| Industrial designs | 1 807 | 1 575 | 1 905 |
| Assignments | | | |
| Patents | 41 215 | 39 983 | 32 041 |
| Trade-marks | 14 610 | 14 382 | 10 822 |
| Copyrights | 1 335 | 1 334 | 1 334 |
| Industrial designs | 1 814 | 1 248 | 1 009 |
| Integrated circuit topographies | — | — | — |
| Enquiries | | | |
| Patents | 19 105 | 14 536 | 14 550 |
| Status requests (patents) | 1 249 | 1 702 | 1 747 |
| Trade-marks | 23 555 | 22 021 | 22 029 |
| Copyrights | 7 859 | 6 915 | 6 726 |
| Industrial designs | 1 105 | 1 105 | 1 078 |
| Integrated circuit topographies | 18 | 20 | 15 |
| General information | 19 811 | 25 998 | 24 242 |
| Total enquiries | 72 702 | 72 297 | 70 387 |

Appendix B: Financial charts

Figure 1 Revenues by products and services

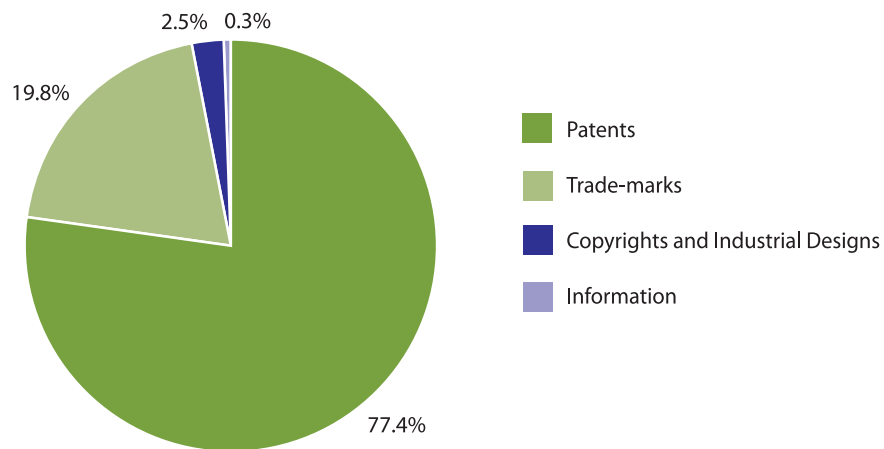


Figure 2 Operating expenditures by category

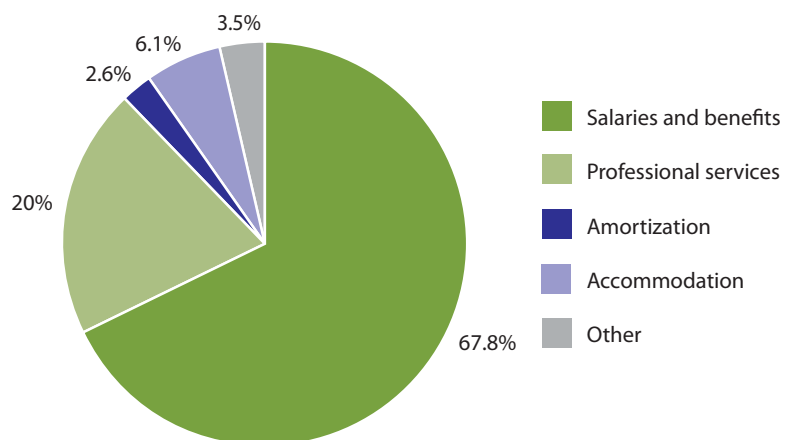
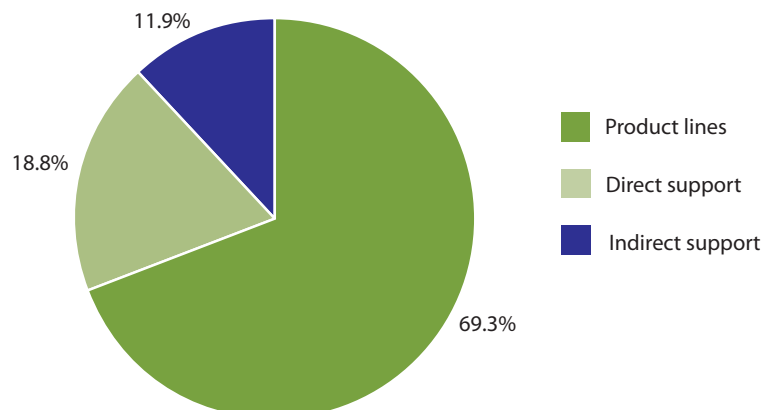


Figure 3 Expenditures by branch grouping



Appendix B

Figure 4 Patent revenues

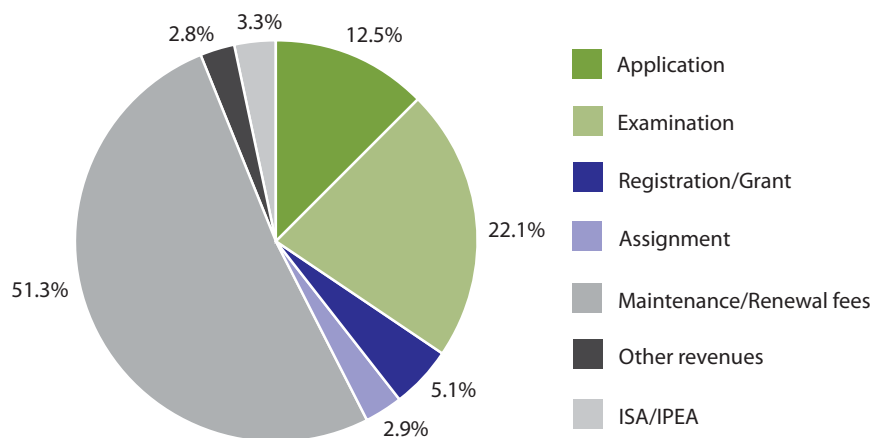


Figure 5 Trade-mark revenues

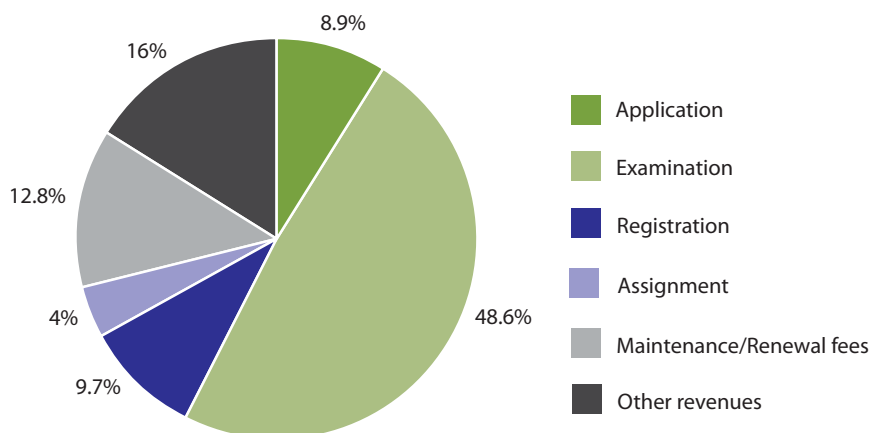
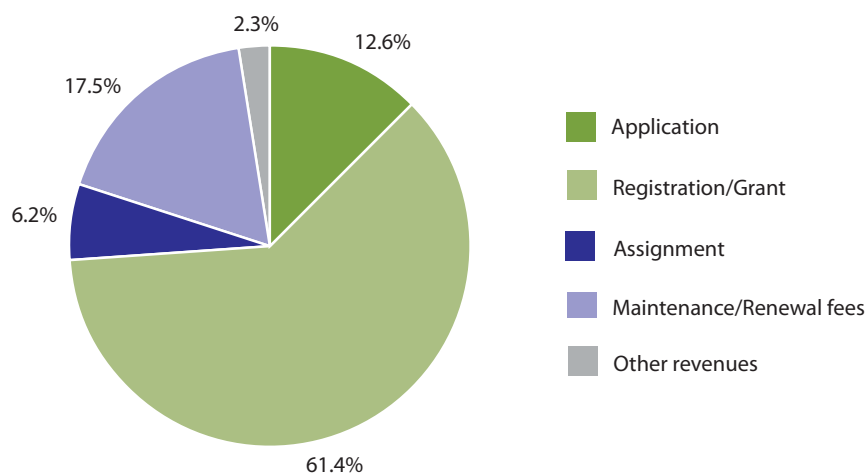


Figure 6 Copyright and industrial design revenues



List of supplementary statistical tables and figures available online

http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr00094.html

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Appendix C: Client service commitments

Please note that in the areas where we underperformed by more than 10%, explanatory notes have been included.

| Services | Commitment | Expectation | Results |
|---|---|---------------------------------|---------------------------------|
| Patent Branch | | | |
| Issue filing date | within 4 weeks upon receipt of application that meets filing requirements including fees | 90% | 75.79% |
| Issue confirmation date of national entry for Patent Cooperation Treaty (PCT) applications | within 8 weeks upon receipt of application that meets entry requirements including fees | 90% | 87.82% |
| Provide first action (allowance or first substantive report) — Patent Prosecution Highway (PPH) | upon receipt of a complete request for PPH: <ul style="list-style-type: none"> • within 3 months for every discipline | 90% | 86% |
| Provide an international search report and written opinion or a no search report and written opinion — International Search Authority (ISA) | upon receipt of request for ISA: <ul style="list-style-type: none"> • the later of 3 months from receiving search copy or 9 months from the priority date, in all disciplines | 90% | 87.07% |
| Provide an international preliminary report on patentability (IPRP) — International Preliminary Examining Authority (IPEA) | upon receipt of request for IPEA: <ul style="list-style-type: none"> • the later of 6 months from receipt of a complete request or 28 months from the priority date, in all disciplines | 90% | 94.75% |
| Examination — TAT Percentage of inventory of applications with a request for examination waiting for a first office action | 80% of applications with a request for examination will be waiting for a first substantive office action less than (by discipline): <ul style="list-style-type: none"> • Biotechnology – 24 months • Electrical – 32 months • Mechanical – 18 months • Organic chemistry – 18 months • General chemistry – 21 months | 80% 80% 80% 80% 80% | 97% 86% 87% 88% 95% |
| Issue ownership registration or notification requesting additional information* | within 6 weeks upon receipt of request and fees | 90% | 85.8% |

* Monthly achievement was 40.77% in January due to staff shortages, 92.96% in February and 98.54% in March.

| Services | Commitment | Expectation | Results |
|----------|------------|-------------|---------|
|----------|------------|-------------|---------|

Patent Appeal Board (PAB)*

| | | | |
|-----------------------|--|-----|-------|
| Schedule hearing date | for applications referred to PAB before January 2009 | 90% | 100% |
| Issue decision | for applications referred to PAB before April 2008 | 90% | 59%** |

* The PAB is responsible for both patent and industrial design appeals.

** The appeal of an October 2010 Federal Court judgment has resulted in a delay in completing cases.

Trade-marks Branch

| | | | |
|--|---|------|----------|
| Issue filing date | within 4 business days upon receipt of electronic application that meets filing requirements including fees | 90% | 95.35% |
| | within 7 business days upon receipt of paper application that meets filing requirements including fees | 90% | 76.65%* |
| Provide first action (approval or issue examiner's report) | within 4.5 months from filing date | 90% | 74.47%** |
| Respond to client correspondence received subsequent to a first action | within 4 months upon receipt of correspondence | 90% | 86.72% |
| Register a trade-mark | immediately upon receipt of electronic registration | 100% | 100% |
| | within 25 business days upon receipt of paper request and fees | 90% | 93.27% |

* Time between filing and formalization (issuing a filing date) includes waiting time for responses from clients to deficiency reports issued (which were 120% higher than last year). The Branch has identified the issue that triggered the deficiency reports and has taken steps to significantly reduce these reports.

** Increased application volumes (8.4% higher than last year) are starting to exceed capacity. The Branch is hiring and training new examiners this year to meet increased demand.

Appendix C

| Services | Commitment | Expectation | Results |
|----------|------------|-------------|---------|
|----------|------------|-------------|---------|

Trade-marks Opposition Board

| | | | |
|-----------------------|--|-----|--------|
| Schedule hearing date | within 14 months upon receipt of request (Opposition) | 90% | 85% |
| | within 14 months upon receipt of request (Section 45) | 90% | 89.6% |
| Issue decision | within 12 months upon referral for a non-hearing decision (Opposition) | 90% | 87.6% |
| | within 12 months upon referral for a non-hearing decision (Section 45) | 90% | 78.7%* |
| | within 4 months following hearing date (Opposition) | 90% | 82.7% |
| | within 4 months following hearing date (Section 45) | 90% | 100% |

* Replacement of personnel resulted in some delay in issuing decisions in section 45 non-hearing cases (as training and development took place), but TMOB is demonstrating good progress overall against its service commitments.

Industrial Design Division

| | | | |
|--|---|-----|--------|
| Issue filing date | within 3 weeks upon receipt of application that meets filing requirements | 90% | 97.09% |
| Provide first action (approval or issue examiner's report) | within 8 months from filing date and receipt of fees | 90% | 97.63% |

Copyright Office

| | | | |
|----------------------|---|-----|--------|
| Register a copyright | within 5 business days upon receipt of electronic application that meets filing requirements including fees | 90% | 99.98% |
| | within 7 business days upon receipt of paper application that meets filing requirements including fees | 90% | 92.16% |

| Services | Commitment | Expectation | Results |
|---|---|-------------|---------|
| Information Branch — Client Service Centre (CSC)* | | | |
| Respond to general enquiries | within 24 hours upon receipt by telephone | 90% | 98.9% |
| | within 48 hours upon receipt by mail, email or fax | 90% | 95.3% |
| Provide access to an information officer (on site) | within 10 minutes upon receipt of request | 90% | 100% |
| Send CIPO publications | by mail within 48 hours upon receipt of request | 90% | 97.4% |
| Send patent, trade-mark, copyright or industrial design documents | by mail or electronically (only patent documents are available electronically) within 72 hours upon receipt of request and fees for photocopies | 90% | 91.4% |
| | by mail within 72 hours upon receipt of request and fees for certified copies | 90% | 90.2% |

* The CSC's business hours are from 8:30 a.m. to 5:00 p.m. from Monday to Friday; statutory holidays are excluded.

Appendix D: Senior Executive Management team and Business development officers

Senior Executive Management team

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

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