



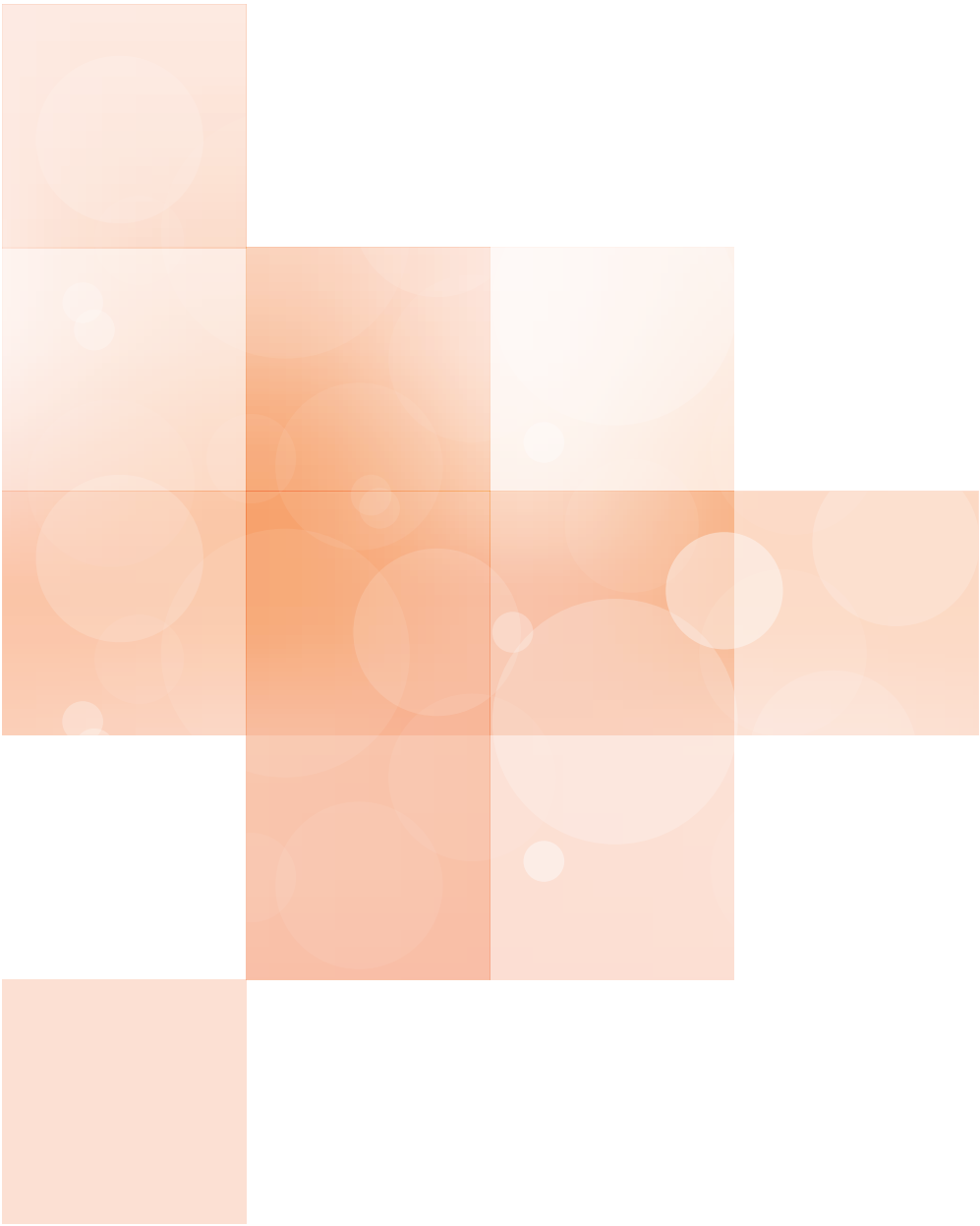
Innovation, Science and
Economic Development Canada
Canadian Intellectual Property Office

Innovation, Sciences et
Développement économique Canada
Office de la propriété intellectuelle du Canada



FUELLING GLOBAL INNOVATION

CIPO ANNUAL
REPORT
2015–2016





This publication is available upon request in accessible formats.

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MISSION

To contribute to Canada's innovation and economic success by:

- Providing greater certainty in the marketplace through high-quality and timely IP rights
- Fostering and supporting invention and creativity through knowledge sharing
- Raising awareness to encourage innovators to better exploit IP
- Helping business compete globally through international cooperation and the promotion of Canada's IP interests
- Administering Canada's IP system and office efficiently and effectively

VISION

Our leadership and expertise support creativity, enhance innovation and contribute to economic success.

VALUES

As trusted partners in building an innovative Canadian economy:

- We serve with excellence and efficiency in all that we do
- We make timely and sound decisions on IP rights
- We respect the perspectives of stakeholders while carrying out our regulatory function

CLIENT SERVICE COMMITMENT

At CIPO, we are committed to providing excellent services to our clients. We have established service standards to provide you with the products and services that you need in a timely manner.

There are several ways that you can reach us: by phone, mail, email and fax. The Client Service Centre checks voice messages at least once a day and will return your call by the end of the next business day. We respond to general enquiries received by mail, email and fax requests within two business days.

If you prefer, you can visit the Client Service Centre, where we offer services in both official languages. If needed, an information officer will be there to help you.

If you wish to give us feedback on any of the products and services that we offer, please use our online feedback form.

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

MESSAGE FROM THE CEO

The fundamental element that has underpinned CIPO's five-year strategy and each of our annual business plans is that economic prosperity in the 21st century is driven by new ideas, and knowledge-based industries that operate globally.

With the completion of the fourth year of our business strategy, this annual report shines a light on the significant strides CIPO has made in attaining our operational objectives as well as the strategic goals that were designed to help Canadian businesses innovate and grow, namely: modernizing our intellectual property (IP) framework, becoming a more customer-focused organization, and providing better access to innovative knowledge.

As part of our commitment to help Canadian businesses compete globally, we have been steadily advancing the process to join five international IP treaties: the Madrid Protocol, the Singapore Treaty, the Nice Agreement, the Hague Agreement on Industrial Designs, and the Patent Law Treaty. These treaties offer simplified and cost-effective options for the filing and registration of IP rights, and will also make Canada a more attractive place to do business. To further support businesses operating globally as they take advantage of the growth opportunities offered by foreign markets, we have also worked hard on establishing and maintaining strong relationships with our international counterparts.

Domestically, CIPO had many successes last year in delivering our core business and providing ongoing improvements to our customers. A few years ago, CIPO introduced Lean as a process-improvement methodology, and its application delivered solid results again in 2015–2016, bringing about measurable improvements to our efficiency in processing IP. These kinds of results directly affect the ability of Canadian SMEs and innovators to protect their ideas and take them to the marketplace.

To succeed in the marketplace, Canadian innovators and businesses need to better understand, exploit and integrate IP into their business strategies. CIPO has leveraged what we have learned from discussions with businesses and other IP offices over the last several years, and we are developing programs and products that will give businesses the knowledge they need to use IP for innovation and economic success. This year saw the launch of a popular video series on the benefits of protecting IP, as well as the development of a series of articles demonstrating how some of Canada's most successful companies have used IP to ensure their success.

Also on the customer service front, we increased the amount of data shared publicly on the Canadian Patents Database, and improved access to Canadian trademark and industrial design data by sharing our data with the European Union Intellectual Property Office Designview and TMview search tools, which are user-friendly, centralized access points that make IP searches simpler to perform.

A highly skilled workforce that understands the innovation benefits of IP is critical to delivering on CIPO's operational objectives. CIPO has created tools to help employees identify their own strengths and develop the competencies for a successful career. We also launched a Respectful, Healthy and Inclusive Workplace initiative to promote employee wellness and respect.

I am very proud of the progress my committed team has made over the last year. Together, we are shaping CIPO as a catalyst for innovation while holding true to our values and commitment to achieve excellence. In the coming year, CIPO will develop a new five-year strategy that supports the Government of Canada's Innovation Agenda both at home and globally—and that continues to improve our operational efficiency and service to our clients.

INTELLECTUAL PROPERTY SPURS INNOVATION

Innovation is central to economic growth and prosperity. The most successful economies are driven by innovative businesses that create products and solutions to address the needs of an ever-changing world.



To translate Canada's innovation potential into innovation performance, Canadian firms must seize opportunities where they can create competitive, value-added products and services. To do this, companies need to implement a strategy and make investments in innovation so they can keep pace with accelerated innovation cycles, disruptive technologies and global value chains.

Intellectual property (IP) plays an important role in transforming innovative ideas into commercially exploitable products and services. IP rights enable businesses to secure competitive advantage in the global marketplace and confidently enter markets, knowing that their innovations are protected. Research indicates that SMEs holding formal IP are 60% more likely to be high-growth firms.¹ In 2010, IP-intensive industries accounted for 25% of GDP at \$332 billion, and close to 2 million jobs in the Canadian economy.² In contrast, firms which lack IP rights face greater uncertainty in the marketplace, and may have difficulty finding partners or risk having their innovations exploited by competitors without compensation. Canadian innovators should be aware of their IP needs and seek the IP protection appropriate for improving innovation outcomes and accelerating business success.

¹ ISED (2014), *Survey on Financing and Growth of Small and Medium Enterprises*

² ISED (2014), *Intellectual Property and the Canadian Economy: IP-Intensive Industries and their Economic Contribution*

INTELLECTUAL PROPERTY SPURS INNOVATION



PHOTO COURTESY OF DESTINATION CANADA

CIPO supports innovation and competitiveness by promoting the use of IP and the exploitation of IP information. To encourage participation in the IP system, we make continual efforts to identify and reduce barriers to the access of IP information and increase knowledge of the IP system and processes. In this way, we enable Canadian innovators to better understand, use and integrate IP into their business strategies. By making the IP system more accessible, we enhance the competitive landscape for Canadian firms seeking to maximize the value and benefits derived from their investments in innovation.

CIPO provides access to valuable technical and business information in its databases. Diffusion of this information is an important driver of Canada's innovation performance and economic development. This information offers strategic intelligence that companies can use for their decision-making on research and development investments, opportunities for follow-on innovation, and collaboration and licensing—all of which can add value to businesses. This, in turn, can drive innovation performance for the benefit of the Canadian economy and society.

Improvement through collaboration

CIPO recognizes the importance of working closely with our partners. Our efforts to improve our services coincide with the ongoing interests of many IP stakeholders in Canada and around the world. Last year, we conducted consultations both at home and abroad to ensure our plans align well with the plans and priorities of other organizations.

CIPO represented Canada at a number of annual meetings such as the World Intellectual Property Organization's General Assembly, and met with IP offices from more than a dozen countries. At home, we met with a number of business associations and professional organizations to share ideas about the best ways to modernize Canada's IP framework, as well as the best methods for raising awareness about IP. We also met with these stakeholders to discuss important topics of interest to IP agents, and to provide an update on our key priorities—in particular, Canada's progress in joining five major international IP treaties and the modernization of the *Trade-marks Act* and the *Industrial Design Act*.

Throughout 2015–2016, we considered the aims and strategies of our partners across the IP community with the knowledge that their expertise strengthens ours. We will continue to engage with stakeholders and partners as we improve our processes and implement changes in the years ahead.

PERFORMANCE

CIPO focuses across all its operations on creating a modern intellectual property (IP) framework that supports a globally competitive Canada.

HELPING BUSINESS COMPETE GLOBALLY

Canada plays an important role in the global innovation ecosystem, and Canadian companies are very much a part of global value chains. One direct result of the global expansion of Canadian companies is a continual increase in IP rights filed abroad.

Overall, 70 percent of IP applications in Canada come from abroad, and around the same percentage (72%) of Canadians file outside of Canada. It is critical for CIPO to support this international activity by modernizing Canada's IP system and aligning it more closely with those of our international counterparts. Through this modernization, Canadian SMEs and innovators will benefit from simplified application procedures, which will result in better access to international markets, and lower costs of doing business.

CIPO has been working hard to improve the IP framework that supports Canadian businesses operating in other countries.

In 2014, the federal government passed legislative amendments to the *Patent Act*, *Trade-marks Act* and *Industrial Design Act* that will allow Canada to join five international IP treaties. Last year, we made significant progress to enable the new legislation, and made a number of other advancements to harmonize with our international counterparts.



TOP 5 FILING COUNTRIES AT CIPO

PATENTS



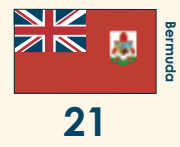
TRADEMARKS



INDUSTRIAL DESIGN



COPYRIGHT



PERFORMANCE

Patents

In 2015–2016, CIPO had a clear focus on harmonizing Canada's patent laws with other countries and modernizing Canada's IP infrastructure. We made progress toward enabling Canada to ratify the Patent Law Treaty. We also began to develop amendments to the *Patent Act* and initiated preparations in support of the *User Fees Act* consultation.

CIPO played an active role in promoting Canada's IP interests through our work in international cooperation and collaboration. In September 2015, we hosted a workshop on Canadian patent law and examination for participants from Chile, Germany and New Zealand. Participants benefited by exchanging information and best practices. Our team was also active in further developing the Patent Prosecution Highway, or PPH, extending bilateral PPH agreements with Mexico and China. On the North American Competitiveness Work Plan, we collaborated with our counterparts at the United States and Mexican patent offices to promote PPH.

Trademarks

CIPO completed significant IT-related work (including important upgrades) required to enable the implementation of legislative changes to the *Trade-marks Act* and align with international treaties. To support clients, a new *Goods and Services Manual*, a redesigned online application form and a platform that enables applicants to classify goods and services according to the Nice Classification system were launched. A series of webinars for clients was also key to the successful implementation of the Nice Agreement.

CIPO also joined with the European Union Intellectual Property Office (EUIPO), making Canadian trademark and industrial design data available to the EUIPO TMview and Designview search tools. This development benefits Canadian businesses by improving their access to information about registered national, international and community trademarks and designs. It also enables simpler IP searches in the user's language of choice.

Copyright and industrial designs

CIPO continued groundwork for updating practice notices, examination and operational manuals to prepare for Canada's accession to the Hague Agreement Concerning the International Registration of Industrial Designs. This allows industrial designs to be protected in multiple countries or regions by filing a single application. Our team also completed instructions for amendments to the *Industrial Design Regulations*, which are required for accession to the Hague Agreement. Throughout the year, CIPO worked in collaboration with the World Intellectual Property Office's International Bureau to ensure all changes are aligned with the Agreement; we also consulted key stakeholders to develop an approach that responds to business needs.

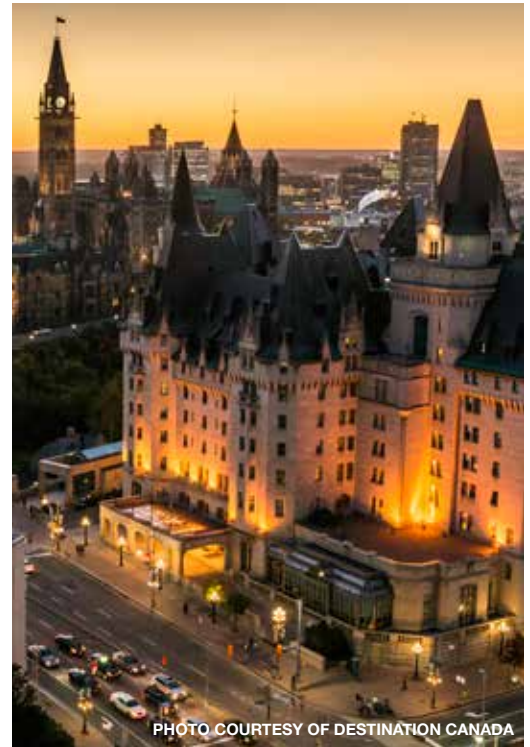


PHOTO COURTESY OF DESTINATION CANADA

PERFORMANCE



PHOTO COURTESY OF DESTINATION CANADA

Government-to-government collaboration

China, Japan and key IPOs

CIPO deepened its collaboration with its Chinese counterparts in 2015–2016. We signed a memorandum of understanding with the State Administration for Industry and Commerce on trademarks. This represents an important step in an ongoing partnership with China on IP administration that began with patents in the 1980s. This meaningful collaboration will assist Canadian SMEs and innovators who are looking to expand their operations in China.

CIPO also collaborated with the Japan Patent Office (JPO) on work related to examination quality, e-filing, and financial and fee structures. Furthermore, in October 2015, representatives from the JPO collaborated with CIPO to exchange information on office practices, and search and examination tools. The groundwork was laid for inter-office collaboration to support compliance with the Geneva Act of the Hague Agreement in a variety of areas, including sharing tools and conducting joint industrial design research.

CIPO represented Canada's interests at the General Assemblies of the World Intellectual Property Organization (WIPO), ensuring that Canada's views and priorities were considered, and allowing CIPO the opportunity to build new and deepen existing relationships with other IP offices. Notably, our positive collaboration with the United Kingdom's Intellectual Property

Office and IP Australia furthered the work of the Vancouver Group, which was established in 2008 to share information about issues relevant to managing a national IP office.

Furthermore, the WIPO General Assemblies provided a number of opportunities to further discuss the harmonization of the patent systems and facilitate global filings of Canadian businesses.

Fast-tracking global applications

The Patent Prosecution Highway (PPH) initiative enables Canadian businesses and individuals to fast-track their Canadian patent applications, provided their claims have been found to be acceptable by one of Canada's PPH partner offices abroad. Each year new PPH agreements are signed and more countries are becoming partner offices. In 2015–2016, CIPO signed new pilot agreements with Estonia, Germany and the European Patent Office. CIPO has also been involved in a pilot project with 21 other intellectual property offices since 2014, which aims to simplify the PPH process globally. The popularity of the PPH has been increasing both in Canada and abroad, with a 51-percent rise in Canadian requests and a 40-percent rise in global requests between 2013 and 2015.

PERFORMANCE

ACHIEVING OPERATIONAL EXCELLENCE

CIPO is committed to service delivery that meets our clients' needs. Last year, we continued to implement quality and process improvements across the organization and introduced new business tools aimed at meeting client expectations. These advances helped us process patents, trademarks and industrial designs faster without compromising quality.

Solid operational results

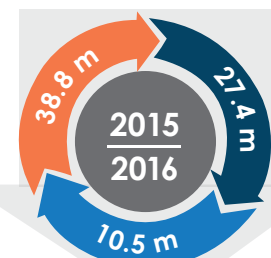
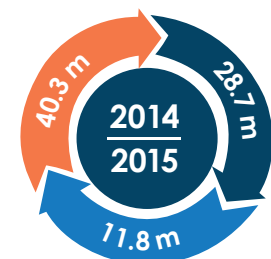
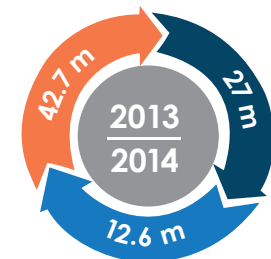
CIPO is committed to leading high-quality operational management initiatives that continually improve services to clients, how we do business and, ultimately, realize each of the elements spelled out in our business strategy. Last year, we continued to implement the Lean methodology across the organization with a focus on better value for clients, higher-quality products and reduced turnaround times. This led to solid results, which include lower inventories across all our business lines, fewer defects, more consistent standards across our products, and improved turnaround times.

Patents

CIPO's patent turnaround—the time between the moment a client requests examination of their application, and the moment CIPO issues the patent—fell by 1.4 months, or 4 percent last year. Meanwhile, the total inventory of patents awaiting examination also fell by 6 percent. Operational improvements to shorten the grant process time were also successful.

The Patent Branch made great strides advancing its patent Quality Management System to provide insights on where our examination services could be improved. This included two new pilots and the beginning of a process to improve our search record and quality-control tools. An ongoing exercise to map processes within the Patent Operations division provides a foundation for improving how we train employees and communicate change, further contributing to consistent operations and high-quality output. We also enhanced our ability to provide meaningful data and reports that better support strategic and operational decision-making.

TURNAROUND TIME



■ Patents
 ■ Trademarks
■ Industrial designs
 m = months

PERFORMANCE



PHOTO COURTESY OF DESTINATION CANADA

The Patent Appeal Board continued to improve its internal processes, and implemented comprehensive preliminary reviews in an effort to provide more timely reviews to clients. In 2015–2016, 82 percent of referrals were completed in less than 24 months.

Trademarks

The Trademarks Branch reduced its turnaround time from filing to registration by 1.3 months, or 4.7 percent in 2015–2016. Throughout the year, our team continued its work to reduce turnaround times and inventories, evaluate monitoring and reporting tools and develop new ones. A major accomplishment was the elimination of mail inventory. We reduced inventory by 62 percent and the office response time decreased from 4 months to an average of 1.3 month.

The Trademarks Opposition Board exceeded its service standards in 2015–2016 by scheduling oral hearings in opposition and Section 45 cases within 12 months, 99 percent of the time.

Copyright and industrial designs

The Copyright and Industrial Design Branch continued its efforts to improve the turnaround time from the date an application is received to the registration of IP rights for industrial designs, reducing the turnaround time from 11.8 months to 10.5 months. We accomplished this by working with our Business Improvement Services team to further develop and refine our forecasting model. The refinements have helped us identify our resource needs, and reduce our turnaround time and inventory.

Improved business intelligence and analytics

Last year, CIPO improved its business intelligence platform, upgraded the Canadian Patents Database and made our trademark and industrial design data available to the TMview and Designview search tools. These initiatives are consistent with Canada's Action Plan on Open Government, which responds to the global movement for improving transparency and accountability, and strengthening citizen engagement in government activities. Improvements to our business intelligence system allows for the production of better reports and better analysis, and improves how CIPO monitors and measures its performance.

PERFORMANCE

A focus on people

As we work to achieve our priorities, we must continue to focus on our greatest asset: our people. Employee wellbeing and engagement directly affect retention, workplace satisfaction and the organization's performance.

Our ability to attract and retain skilled, motivated employees in a timely manner is a key element in our organization's success. We also foster a learning culture that encourages people to continuously increase their knowledge, skills and performance.

Last year, CIPO continued to work to engage employees in directing their own career paths. We further developed our series of competency profiles, which managers use to help employees develop to their full potential. We built a tool that helps employees assess their own strengths and opportunities for professional development, and established a professional development roadmap for each competency that can serve as the foundation for a successful career.

Responding to employees' opinions

In March 2015, CIPO received the results of the 2014 Public Service Employee Survey, which measures employees' opinions on key issues, such as their organization's quality of leadership and the strengths and weaknesses of the workplace. Based on those results, we established an action plan with five priorities: promote a respectful and ethical workplace free of harassment and discrimination; empower and develop CIPO employees; focus on leadership; enhance our employee recognition program; and more effectively engage employees across the organization.

Employees were encouraged to share their ideas and opinions, and CIPO received almost 300 suggestions, which a working group used to establish our action plan. CIPO's directors shared the plan with all employees, and a variety of actions have been undertaken to promote wellness and respect. In 2015, CIPO's managers and supervisors were trained on how to best use the department's Respectful, Healthy and Inclusive Workplace toolkit to foster a more respectful and inclusive work environment. The initiative has been a huge success organizationally and within teams. The success has even gone viral, gaining the attention of multiple organizations within the department. We also revised the CIPO Guidelines on Talent Management to align them with the Treasury Board Secretariat Directive on Performance Management. The new Integrated Performance and Talent Management Process was approved in 2015–2016.



PHOTO COURTESY OF DESTINATION CANADA

Award-winning service

Some of CIPO's employees were formally recognized in 2015–2016, winning several public service awards. Most notably, our Lean Agents Community and a multi-disciplinary policy team (which joined our colleagues from Innovation, Science and Economic Development Canada) were recognized with a Deputy Minister / Associate Deputy Minister Award of Merit. The dedication and collaboration shown by these teams reflects CIPO's commitment to providing high-quality client service. Our first cohort of Lean agents and their teams implemented various projects that improved productivity and quality, and reduced turnaround times. Our multi-disciplinary policy team made it possible to align Canada's IP system with those of our international counterparts.

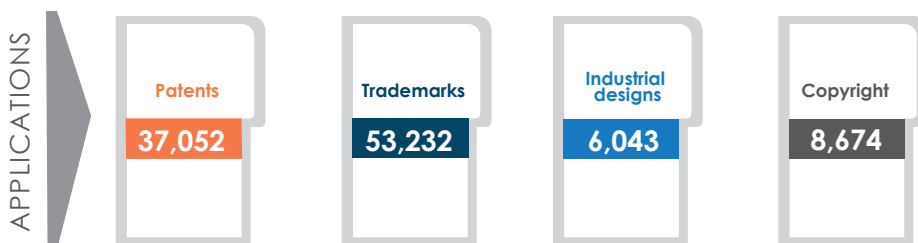
PERFORMANCE

A CUSTOMER FOCUS

Commitment to quality

In addition to our substantial operational improvements last year, we continued to exceed our client service commitments and have achieved our client service goals 95 percent of the time for a third year in a row. CIPO also advanced several technology modernization projects that focused on a number of priority areas, from legislative compliance to developing new business services and improving internal process efficiencies—all with the key goal of serving clients better.

2015–2016 IN NUMBERS



Easier access to documents

Many of CIPO's stakeholders have expressed a strong desire for a system that provides a safe and simple way to access information about patent prosecution correspondence on the web. Last year, we completed a major project to meet that request.

The project, called the CIPO Document Access System, significantly improved our clients' access to patent data by expanding the Canadian Patents Database, and gave clients easier access to freedom-to-operate and infringement searching.

When companies understand how IP protection can help them, they are better able to use it to innovate and grow. Last year, CIPO reached out to Canadian businesses and innovators to help them better understand the benefits of IP. We also built new tools to help us better understand our clients' needs. We remained committed to providing high-quality IP rights and service across our business lines.

PERFORMANCE

Framework for customer-focused content management

CIPO developed a framework last year for building and implementing a state-of-the-art, organization-wide client relationship management (CRM) system. The new framework will establish a single platform that will enable us to vastly improve how we serve our clients. More specifically, it will enable us to track and manage all service requests consistently and measurably, which will support our efforts to identify, pursue and manage client relationships. We expect that the CRM system will improve our service and program delivery starting in 2016–2017.

A supportive presence across Canada

CIPO's business development officers (BDOs) maintain strategic alliances with business organizations, governments, incubators/accelerators, post-secondary institutions and other economic development organizations across Canada. Our BDOs engage with organizations at the regional level through one-on-one meetings, IP awareness raising sessions, and participation in sector-specific tradeshows and events. This on-the-ground contact is vital for addressing gaps that currently exist for businesses trying to access and strategically use IP to improve their business outcomes.

Last year, CIPO focused its efforts to mobilize the BDOs to provide specialized information and advice to high-growth sectors and partnered with Communitech in Kitchener-Waterloo and Innovacorp Enterprise Centre in Halifax. We also made essential connections and built capacity in Vancouver to pave the way for an expansion of the BDO team.

Awareness and education

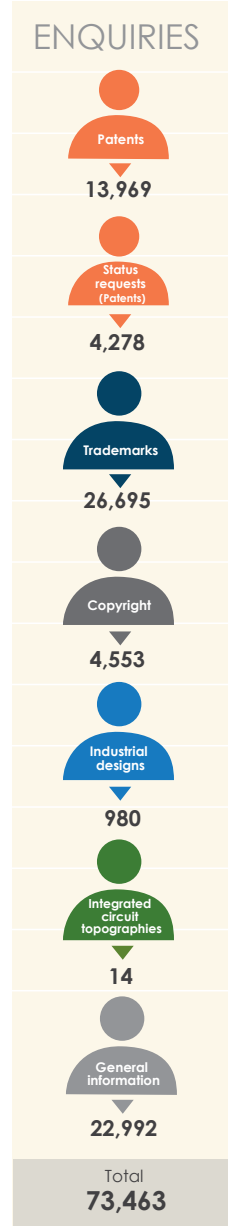
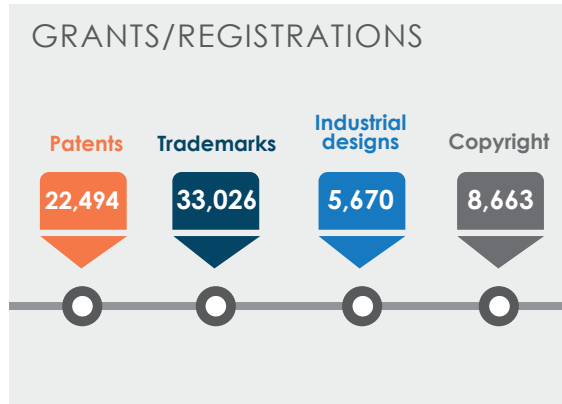
Video series

CIPO developed three popular videos to help Canadians understand what patents, trademarks and industrial designs are, and the benefits of protecting and commercializing these assets. Last year, we posted the videos to our website, and we continue to promote them via our Twitter and LinkedIn channels.

The videos have been popular with the general public, with thousands of views via our website. They are the most viewed of all videos on the YouTube channel of Innovation, Science and Economic Development Canada, and were the most viewed of all Government of Canada videos when they were first released. The videos have been featured in blogs on Canada Business Network's website, and on their Facebook page and YouTube channel.

Lululemon's tips for success

There's nothing like a good success story to inspire entrepreneurial spirit. Last year, CIPO launched the first of a series of feature stories about Canadian companies that have used IP strategically to ensure their success. A story about the Canadian business phenomenon Lululemon relates how the company has used IP to protect its industrial designs, patents and trademarks around the world. CIPO posted Lululemon's tips on LinkedIn and Twitter; they were CIPO's top post on LinkedIn and its fifth highest on Twitter in June.



ADDITIONAL INFORMATION

CORPORATE AND FINANCIAL STATISTICS ADDITIONAL INFORMATION ONLINE AT WWW.CIPO.GC.CA.

Audited financial statements and additional financial information

- Revenue by products and services
- Operating expenditures by category
- Expenditures by branch grouping
- Patent revenues
- Trademark revenues
- Copyright and industrial design revenues

Trademarks

- Trademark applications
- Trademark disposals
- Trademark applications filed by language
- Trademark applications filed and registered by province/territory
- Top ten trademark applicants
- Top ten trademark registrants
- Trademark applications filed and registered by origin as stated by applicant
- Trademark Opposition Board operational statistics

Patents

- Patent requests for examination
- Patent disposals
- Patent applications filed by language
- Patent applications filed, requests for examination and grants by discipline
- Applications filed and granted to residents of Canada and foreign countries
- Top 10 patent applicants
- Top 10 patentees
- Patent applications filed and granted by origin as stated by applicant
- Patent Appeal Board operational statistics

Copyright and industrial designs

- Copyright applications
- Copyright disposals
- Copyright applications filed by language
- Copyright applications filed and registered by province/territory
- Copyright applications registered by origin as stated by applicant
- Top ten copyright applicants
- Industrial design applications
- Industrial design disposals
- Industrial designs registered by language
- Industrial designs filed and registered by province/territory
- Industrial designs filed and registered by origin as stated by applicant
- Top ten industrial design applicants
- Top ten industrial design registrants

Corporate statistics

- Product outputs
- Human resources
- Client enquiries

Client service standards

- Patents
- Patent Appeal Board
- Trademarks
- Trademarks Opposition Board
- Industrial designs
- Copyright
- Client Service Centre