



AUDIT OF THE CANADIAN INTELLECTUAL PROPERTY OFFICE – TRADEMARKS BRANCH FINAL REPORT



AUDIT AND EVALUATION BRANCH
MARCH 2018

Recommended for Approval to the Deputy Minister
by the Departmental Audit Committee on
March 26-27, 2018

Approved by the Deputy Minister on April 23, 2018

This publication is available online at https://www.ic.gc.ca/eic/site/ae-ve.nsf/eng/h_00351.html

To obtain a copy of this publication or an alternate format (Braille, large print, etc.), please fill out the Publication Request Form at www.ic.gc.ca/Publication-Request or contact:

Web Services Centre
Innovation, Science and Economic
Development Canada
C.D. Howe Building
235 Queen Street
Ottawa, ON K1A 0H5
Canada

Telephone (toll-free in Canada): 1-800-328-6189
Telephone (Ottawa): 613-954-5031
TTY (for hearing-impaired): 1-866-694-8389
Business hours: 8:30 a.m. to 5:00 p.m. (Eastern Time)
Email: info@ic.gc.ca

Permission to Reproduce

Except as otherwise specifically noted, the information in this publication may be reproduced, in part or in whole and by any means, without charge or further permission from Innovation, Science and Economic Development Canada, provided that due diligence is exercised in ensuring the accuracy of the information reproduced; that Innovation, Science and Economic Development Canada is identified as the source institution; and that the reproduction is not represented as an official version of the information reproduced, nor as having been made in affiliation with, or with the endorsement of, Innovation, Science and Economic Development Canada.

For permission to reproduce the information in this publication for commercial purposes, please fill out the Application for Crown Copyright Clearance at www.ic.gc.ca/copyright-request or contact the Web Services Centre mentioned above.

© Her Majesty the Queen in Right of Canada, as represented by the Minister of Innovation, Science and Economic Development Canada, 2018.

Cat. No. lu-4-228/2018-E-PDF
ISBN 978-0-660-26825-5

Aussi offert en français sous le titre *Audit de L'office de la Propriété Intellectuelle du Canada – Direction des Marques de Commerce*.

TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY	i
1.1	INTRODUCTION	i
1.2	AUDIT BACKGROUND	i
1.3	OVERVIEW OF AUDIT RESULTS	i
1.4	AUDIT OPINION AND CONCLUSION	ii
1.5	MANAGEMENT RESPONSE	ii
1.6	STATEMENT OF CONFORMANCE	ii
2.0	ENTITY BACKGROUND	1
2.1	OVERVIEW OF CIPO	1
2.2	TRADEMARKS OVERVIEW	1
2.3	TRADEMARKS BRANCH	2
3.0	ABOUT THE AUDIT	3
3.1	AUDIT OBJECTIVE	3
3.2	AUDIT SCOPE	3
3.3	METHODOLOGY	3
4.0	OBSERVATIONS AND RECOMMENDATIONS	4
4.1	INTRODUCTION	4
4.2	GOVERNANCE	4
4.3	RISK MANAGEMENT	5
4.4	CONTROLS	5
4.5	MANAGEMENT RESPONSE AND ACTION PLAN	9
5.0	OVERALL CONCLUSION	10
	APPENDIX A: AUDIT CRITERIA	11

LIST OF INITIALISMS AND ACRONYMS USED IN REPORT

AEB	Audit and Evaluation Branch
C&ID	Copyright and Industrial Design
CIPO	Canadian Intellectual Property Office
DG	Director General
FTE	Full-Time Equivalents
ICU	Incoming Correspondence Unit
IP	Intellectual Property
IRM	Integrated Risk Management
IT	Information Technology
ISED	Innovation, Science and Economic Development Canada
TOR	Terms of Reference

1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

The Canadian Intellectual Property Office (CIPO) is a Special Operating Agency of Innovation, Science and Economic Development Canada (ISED), responsible for the processing and administration of Canada's system of intellectual property (IP) rights.

The operations of CIPO are broken into three main branches: the Patents Branch, Trademarks Branch, and Copyright and Industrial Design (C&ID) Branch. Each of the three main branches specializes in the examination and processing of different types of IP applications in accordance with their respective legislation and regulations.

The legislation governing CIPO outlines the specific rights of creators/inventors for all types of IP. This includes the terms of ownership, application criteria, the registration process, and responsibilities of owners. As a tool for protecting intangible assets, in a knowledge-based economy, IP rights are central to the protection of business inventions and business brands by means of unlocking and preserving intangible assets, and thereby business value itself.

The Trademarks Branch (the Branch) has approximately 150 full-time equivalents (FTE) and over 55,000 applications were filed in 2016-17. The Branch is the largest branch within CIPO in terms of applications received and second in terms of employees. While controls have been designed into the application process, the manual nature of the existing processes and informal practices results in higher residual risk associated with the Trademarks Branch.

1.2 AUDIT BACKGROUND

The objective of the audit was to provide assurance on the adequacy and effectiveness of the management control framework in place for the Trademarks Branch.

The audit scope focused on the controls and processes in place for trademark applications received, examined and/or processed in 2016-17; specifically related to governance, risk management and control mechanisms within the Branch.

The audit scope excluded information technology (IT) controls or processes given that an Audit of the IT Modernization Program has recently been completed.

1.3 OVERVIEW OF AUDIT RESULTS

Strengths

The Trademarks Branch is included in CIPO's established governance framework which provides oversight over operations and performance, and oversees delivery against service standards. Similarly, with respect to risk management, the Branch is integrated within CIPO's broader and established risk management environment.

Recognizing the dependence on well qualified Examiners to the quality of the assessment of trademark applications, an extensive training program for new Examiners is in place and is

supported by the timely identification and communication of legislative changes throughout the Branch. In addition, a formal quality review program was established in April 2017 to review and report on the quality of examination files.

Areas for Improvement

Some opportunities for improvement were identified by the audit. More specifically, while the Branch is situated within an established risk management environment, risk management has not been tailored to the Branch or its operations.

In addition, while a quality framework has been developed for trademark application processing and examination, it is not always adhered to or executed on a timely basis. Further, a critical service standard related to issuing Notices of Approval and/or Examiner's Reports is not being met and the Branch is facing a significant processing backlog of applications.

Finally, while key elements of trademark application files are maintained in a physical format during the examination and registration process, the storage and tracking of physical application files was inconsistent and manual and electronic files were not always aligned.

1.4 AUDIT OPINION AND CONCLUSION

The results of this audit revealed that controls are in place for the Trademarks Branch within CIPO. However, opportunities exist to formalize its branch risk management activities and mature its quality framework. Further, there is an opportunity to strengthen the quality framework over application processing, while also respecting service standards. Finally, the Branch's record-keeping practices should rely more on automated tools to ensure the ongoing consistency and security of application files.

1.5 MANAGEMENT RESPONSE

Management has agreed with the findings included in this report and will take action to address all recommendations by July 31, 2021.

1.6 STATEMENT OF CONFORMANCE

This audit was conducted in accordance with the Internal Auditing Standards for the Government of Canada, as supported by the results of the Audit and Evaluation Branch's quality assurance and improvement program.

Michelle Gravelle
Chief Audit Executive
Innovation, Science and Economic Development

2.0 ENTITY BACKGROUND

2.1 OVERVIEW OF CIPO

CIPO is a Special Operating Agency of ISED, responsible for the processing and administration of Canada's system of IP rights. CIPO's areas of activity include patents, trademarks, copyrights, industrial designs, and integrated circuit topographies.

CIPO's mission is to contribute to Canada's innovation and economic success by:

- 1) providing greater certainty in the marketplace through high-quality and timely IP rights;
- 2) fostering and supporting invention and creativity through knowledge sharing;
- 3) raising awareness to encourage innovators to better exploit IP;
- 4) helping business compete globally through international cooperation and the promotion of Canada's IP interests; and
- 5) administering Canada's IP system and office efficiently and effectively.

The legislation governing CIPO outlines the specific rights of creators/inventors for all types of intellectual property. This includes the terms of ownership, application criteria, the registration process, and responsibilities of owners. As a tool for protecting intangible assets, in a knowledge-based economy, IP rights are central to the protection of business inventions and business brands by means of unlocking and preserving intangible assets, and thereby business value itself.

As a Special Operating Agency, CIPO operates on a cost-recovery basis based on revenue received from applications and maintenance fees. Those fees, approved by Parliament, have remained largely unchanged since 2004. Over the past three years, CIPO has posted an average annual surplus of \$9.4M. CIPO's accumulated surplus has been earmarked for significant capital investments to upgrade its information technology systems.

As of March 31, 2017, CIPO had approximately 946 FTEs. However, by the end of 2017-18, it is estimated this number will increase to approximately 990.

The operations of CIPO are broken into three main branches: the Patents Branch, Trademarks Branch, and Copyright & Industrial Design (C&ID) Branch. Each of the three main branches specializes in the examination and processing of different types of intellectual property applications in accordance with their respective legislation and regulations.

2.2 TRADEMARKS OVERVIEW

Trademarks represent a distinctive sign identifying goods or services provided by a company. Viewed as a way of protecting a brand, the registration of a trademark safeguards it under the law from misuse by others as well as grants exclusive rights to use it throughout Canada for a period of 15 years prior to the option of a renewal.

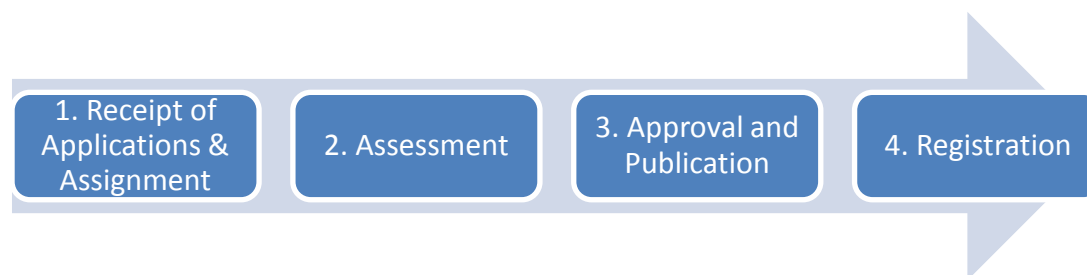
Trademarks are further divided into three sub-types: ordinary marks, certification marks, and distinguishing guises. The first type of trademarks, an ordinary mark, is made up of words, designs,

or sounds used to distinguish the goods or services between individuals as well as organizations. The second type, a certification mark, exists for the purpose of defining a certain standard of goods or services provided, and may be used by multiple individuals or companies. The third and final type of trademark, a distinguishing guise, represents a defined shape of a good such that it may be distinguished by the public from the same type of good provided by a competing company.

Trademarks are governed by various acts and regulations in its management of the Canadian IP System, notably the: *Trade-marks Act*; *Trade-marks Regulations*; *Olympic and Paralympic Marks Act*; and *Olympic and Paralympic Marks Regulations*.

2.3 TRADEMARKS BRANCH

The Trademarks Branch is the second largest branch in terms of FTEs (approximately 150); however, it has the highest volume of applications. The established process for the assessment of trademark application files is manual in nature, with key steps as follows:



1. Receipt of Applications & Assignment

The Incoming Correspondence Unit is responsible for receiving applications and associated correspondence. Once the applications are entered into the electronic record-keeping system (Intrepid), the files are then transferred to Trademarks Branch. Application files are assigned to an Examiner based on workload and the complexity of the application.

2. Assessment

Examiners assess the Trademark application and prepare for the client either: an Approval Notice, letting the client know that the trademark has been approved for advertisement in the *Trade-Marks Journal*; or an Examiner's Report, which notify the client if there is missing information, or if there are problems with the application that require attention.

3. Approval and Publication

Once the application is approved, it is published in the Trademarks Journal for two months, allowing the public to oppose or challenge the trademark.

4. Registration

If there is no opposition within two months, the registration fee is paid and the registration of the trademark is completed.

3.0 ABOUT THE AUDIT

In accordance with the approved ISED 2016-17 to 2017-18 Multi-Year Risk-Based Audit Plan, the Audit and Evaluation Branch (AEB) undertook an Audit of CIPO - Trademarks Branch.

3.1 AUDIT OBJECTIVE

The objective of the audit was to provide assurance on the adequacy and effectiveness of the management control framework in place for the Trademarks Branch.

3.2 AUDIT SCOPE

The audit scope focused on the controls and processes in place for trademark applications received, examined and/or processed in 2016-17; specifically related to governance, risk management and control mechanisms within the Branch.

The audit scope excluded IT controls or processes given that an Audit of the IT Modernization Program has recently been completed.

3.3 METHODOLOGY

The audit was conducted in accordance with the Internal Auditing Standards for the Government of Canada. The methodology used for this audit included documentation review, file testing of 25 application files, and testing the location of a sample of 10 application files. In addition, interviews were conducted with branch Senior Management, Examination Managers, Team Leads, Examiners, the Incoming Correspondence Unit (ICU) and the Quality Control and Development group. Finally, walkthroughs of the examination and registration processes and data analysis of the Branch's performance against their service standards were undertaken.

All of the audit evidence gathered through the above noted processes was synthesized, analyzed and supports the audit observations presented throughout this report.

Based on the identified risks, AEB developed the audit criteria and sub-criteria linked to the overall audit objective (see Appendix A).

A debrief meeting was held with the client on January 18, 2018, to validate the findings that form the basis of this report. This meeting also provided the client an opportunity to offer any additional information and clarification regarding the findings.

4.0 OBSERVATIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

This section presents detailed observations from the Audit of CIPO – Trademarks Branch. The observations are based on evidence and analysis from both the initial risk assessment and the detailed audit work.

4.2 GOVERNANCE

A governance framework has been established to provide oversight over the trademarks examination and registration processes and to monitor the performance of the Trademarks Branch against its objectives.

CIPO has a well-established governance framework to provide oversight over the Trademarks Branch, which includes a number of senior management committees:

- The Senior Executive Committee (SEC), chaired by CIPO's CEO, is the senior decision-making forum that sets strategic direction and priorities;
- The Operational Excellence Committee (OEC), co-chaired by the Trademarks Director General (DG), helps to ensure that CIPO achieves its performance and quality targets and efficiently prioritizes strategic operational improvement initiatives; and
- The Intellectual Property Policy Committee (IPPC) provides a substantive forum for discussion and decision on key legislative, regulatory, international and related policy initiatives of interest to CIPO and to identify, assess and determine actions to advance these policy initiatives.

Several other committees are in place within the Branch, such as the Trademarks Practices Committee (TPC), which is responsible for discussing policies and office practices, directly related to the application of the *Trademarks Act*. There are also committees related to IT projects and Human Resource activities, as well as working groups that support each of the committees. The Director General (DG) of the Trademarks Branch sits on all of these committees to ensure that Branch issues and concerns are discussed at a senior level, as well as to leverage best practices from the other branches.

Each of the oversight bodies has formally documented Terms of Reference (TOR) which assigns responsibility for overseeing the management of CIPO's branches as well as to monitor the performance of each branch, including the Trademarks Branch. Day-to-day oversight of the Trademarks Branch is provided by the DG, with support from the Deputy Director. Their roles and responsibilities have been documented through formal job descriptions.

Performance metrics for the Branch are measured regularly and reported through dashboards to senior management. This includes results against service standards, statistics related to the status of application files, number of applications received and in what format (electronic/mail) and

results of the examination process. Further, annual results from the Branch are included in the Departmental Performance Report.

4.3 RISK MANAGEMENT

CIPO's Integrated Risk Management Framework establishes a formal risk methodology for all branches in the organization. A documented risk management approach specifically for the Trademarks Branch has not yet been established.

CIPO's Integrated Risk Management (IRM) framework details authorities, responsibilities, approval processes, and risk assessment methodologies for all CIPO branches. It is an overarching document that supports further risk identification and management within each Branch, while allowing for consistency across the organisation. In addition, CIPO's IT Modernization Program has a Program Risk and Issue Management Strategy, which includes risks related to the Trademarks Branch.

The Trademarks Branch manages risk informally based on the sharing of information between the DG and his management team via annual strategic planning discussions and discussions related to quality of examinations. These types of activities have driven some key strategic decisions, such as the introduction of the quality review process, implemented in April 2017.

Despite being integrated within the overall risk management activities for the organization, the Trademarks Branch has not yet established a branch-level risk management approach. While evidence suggests informal risk management is being used to inform planning decisions, no formal structure has been used to ensure all risks are considered, that they are commonly understood across the Branch, and that risk mitigation strategies are implemented. Continued development of risk management practices could assist the Branch in prioritising their operations, including assigning application files, and in directing resources for investment in continuous improvement. The Branch has indicated it is working to formalize its risk management approach and plans to develop adequate monitoring tools and mitigation strategies within the next year.

Without formal risk management for the Branch, key risks may not be identified, assessed and mitigated in a timely manner. With transformation of the Branch and the underlying IT infrastructure already underway, any missed risks could impact future service delivery effectiveness.

Recommendation 1 (Medium Risk):

The Trademarks Branch should establish a formal branch-level risk management program, leveraging CIPO's Integrated Risk Management (IRM) Framework.

4.4 CONTROLS

Examination Process

Formal processes and controls have been established to support examination processes, including timely identification and communication of legislative changes and in-depth training. While a quality framework exists, the review of Approval Notices occurs after initial results are communicated to clients.

As Trademarks are granted in an international arena, legislative changes are often passed by parliament to ensure that the Canadian operating environment is modern and responsive to client needs. Making changes to legislation requires that those changes are both well understood by all staff members responsible for delivering the service, and that processes are updated to reflect any new requirements.

Trademarks Branch senior management actively identifies and communicates legislative changes to all staff across the Branch. Legislative and policy changes are discussed at the Senior Executive Committee, which the DG sits on, and as a result of these discussions, the DG makes implementation decisions with his management team. Changes to policy are reviewed by the Quality Control and Development group and then communicated to Team Leads and Examiners through weekly team meetings to implement the changes. Further, legislative changes requiring updates to internal Branch procedures are communicated to staff through Branch meetings, workshops and training sessions.

To ensure that legislative changes are incorporated into ongoing operations – and to ensure continued quality of application processing – a formal quality review program over examination files was established in April 2017. The scope of this program includes files for which an Examiner's Report has been issued (outlining issues with the application prior to approval). A sample of approximately 10% of all Examiner's Reports issued the previous week are examined. The weekly results of this review are compiled and discussed by the Deputy Director and Examination Managers.

As part of the overall quality framework, Team Leads are also expected to review application files once an Approval Notice (i.e. a notice sent to the client to indicate that the application will be approved without changes) is ready to be sent to a client. As a result of workload issues, Team Leads are only reviewing Approval Notices when time permits. Further, no evidence of the Team Lead review is being maintained.

This key quality review is typically completed only after the Approval Notice has been sent to the client. If an error is noted as a result of this review, correspondence to the client must be sent out indicating that their application is being re-reviewed and that a follow-up notice will be provided.

Without the consistent review of application files prior to Approval Notices being sent to clients, there is a risk of inappropriate approvals of Trademark applications, requiring correction after the client is notified. This could potentially delay processing times, as well as create reputational risk over the quality of service.

Recommendation 2 (Medium Risk):

The Trademarks Branch should strengthen its risk-based quality framework by consistently performing and documenting key quality control activities before results are communicated to clients.

Service Standards and Client Satisfaction

The Trademarks Branch has established formal mechanisms to define, monitor and communicate results against its service standards. However, the Branch is not meeting a critical service standard related to issuing Notices of Approval and/or Examiner's Reports.

The Trademarks Branch's existing service standards are as follows, with an expectation that they be met 90% of the time:

1. Within 15 days of receipt of a paper application or within 7 days of receipt of an online application, the Trademarks Records Office is expected to confirm to the applicant that everything is in order with the application submitted and that the application has been assigned a filing date and application number.
2. Within seven months from filing date, the Examiner is expected to review the application and issue a "first action" – either an Approval Notice or an Examiner's Report outlining issues with the application.
3. Within two months of receipt of correspondence, the Examiner is expected to respond to the client.
4. Within 15 days of receipt of fees, the trademark is registered.

The Branch has established formal mechanisms to define, monitor, and communicate results against its service standards on a weekly basis within the Branch. Annual results are available publically.

In addition to the formal measurement against service standards, mechanisms are in place to receive information related to client satisfaction. Formal internal Branch discussions take place and actions plans are developed to address feedback from the Branch's clients. As examples of such mechanisms, clients are assigned an individual Examiner and are encouraged to directly contact them on issues related to their application. Clients are further encouraged to contact Team Leads with complaints against Examiners, which can be escalated to management, if necessary. Further, the Trademarks Practices Committee meets monthly and clients are invited to attend to discuss issues or provide feedback to senior management. Finally, a year-end overview report is prepared related to client enquiries which highlight recurring issues and establish plans to address the issues.

Despite the mechanisms in place to measure the Branch's performance against its service standards, the Branch did not meet its seven-month service standard for a first action in 2015-16 or 2016-17. The average turnaround time for a first action is nine months instead of the expected seven months. Further, there continues to be a significant backlog of applications. As of March 31, 2017, there were approximately 34,000 applications waiting to be assigned to an Examiner and issued a first action.

Several causes can be linked to the inability for the Branch to meet its service standards, including: an increase in the number of applications received (5% increase from 2015-16 to 2016-17); recent turnover of Examiners; and the length and extent of the new Examiner training program (up to 24 months), which requires experienced Examiners to be removed from their regular examination roles for 15-22 months to coach and shadow new Examiners. Finally, senior management has placed a priority on strengthening the quality framework within the application process; specifically, with the introduction of the quality review program. The Branch has implemented short-term measures (e.g. overtime availability) to mitigate the impact of these

factors on the service standards.

By not meeting its own service standards, there is a risk that Canada's reputation for processing IP rights suffers. This could potentially lead to fewer domestic applications, as well as reduced international competitiveness and applications from abroad.

Recommendation 3 (High Risk):

The Trademarks Branch should establish a long-term plan, including recruitment and retention of Examiners and streamlining of operations, to address the existing backlog of application files, avoid future backlogs, and meet established service standards. As part of this plan, current service standards should be reviewed to ensure their continued relevance from both an operational and client satisfaction perspective.

Training Program

While a thorough training program has been established for new Examiners, it is contributing to the backlog of application files. In addition, no formal refresher training has been developed.

Established in 2010, new Examiners are subject to a mandatory and thorough training program, lasting between 17 to 24 months. Examiners first attend eight in-class training sessions, and then conduct examinations of files under the supervision of Senior Examiners, who act as coaches to provide regular feedback on the quality of the examination conducted.

Examiners must achieve the production targets of 8 files and 9 mail correspondence per day as well as achieve all of the quality criteria on 90% of their files in order to pass the training program. Examiners can pass the program as early as 17 months, and up to 24 months. At this point, if Examiners have not achieved the target performance, they are placed on a Performance Improvement Plan (PIP) until they do so. The focus of the training is to ensure Examiners have a strong foundation in both methodology and use of professional judgement.

Because of the timeframe to complete the training program, it can take up to two years for a new Examiner to be subject to the Branch's efficiency and quality targets. This keeps both the new Examiners and their coaches from being fully operational during this period, impacting the ability for the Branch to meet its productivity service standards. Senior management is currently reconsidering the length of the training program but has not made any final decisions as they need to ensure quality is not being compromised.

In addition, training is provided to all staff to inform them of regulatory changes; however, no formal refresher or ongoing training is provided to Examiners to ensure consistency across examination files. Without refresher training, there is the potential for inconsistencies in the processing of application files as the legislative and operational environment continues to evolve.

Recommendation 4 (Low Risk):

The Branch should re-examine its new Examiner training program to ensure it continues to develop qualified resources, while also contributing to the timely processing of applications.

Recommendation 5 (Low Risk):

The Branch should develop refresher training to support the consistency of application assessments, as well as the quality framework.

Records Management

The Trademarks Branch has documented record-keeping procedures and has implemented controls in its electronic record-keeping system. However, issues were noted with the proper storage and tracking of application files, and inconsistencies were noted between the manual files and the Intrepid system.

An appropriate process, with established controls, is in place to ensure the completeness, accuracy and timeliness of initial entry of application files into Intrepid (the Branch's trademark database) by the ICU. Audit testing on a sample of applications received confirmed that they were typically entered into Intrepid and forwarded to the Branch within 1-2 days of receipt.

During the examination and registration process, application files are maintained primarily in paper format. In many cases, documentation received electronically is printed out and maintained in the paper file.

Because of paper-based application files and the need to pass these files between Branch staff, challenges have been noted with tracking the location of these paper files and the amount of time the Branch spends trying to find them. For four of 10 application files tested for accessibility of the file, the location of the hard copy file did not agree to the location noted in Intrepid. For two of these files selected, the physical files could not be located during the audit.

Not being able to locate paper application files when needed impacts the overall productivity of the Branch, its ability to meet its service standards, and client satisfaction. The Branch is currently considering the implementation of scanning technology as a short-term measure and ultimately, seeking a full scope case management system to allow for a fully automated examination process.

Further audit testing identified that for eight out of a sample of 25 application files, issues of accuracy and completeness were noted with the application information entered into Intrepid (as compared to the manual file). The information entered into Intrepid is used for generating Examiner's Reports and Approval Notices. Without accurate information being entered and maintained within Intrepid, there is a risk of inaccurate information being used to generate client correspondence and decision documents.

Recommendation 6 (High Risk):

The Trademarks Branch should strengthen its controls to ensure its records management processes are adhered to on a consistent basis. As part of this, the Branch should develop and implement an electronic system of record for application files. In the short-term, the Branch should accelerate its adoption of scanning technology and integrate quality monitoring to ensure that data maintained within paper files are aligned to Examiner's Reports and Approval Notices.

4.5 MANAGEMENT RESPONSE AND ACTION PLAN

The observations and recommendations of this audit were presented to the Trademarks Branch management. Management has agreed with the observations included in this report and will take action to address all recommendations by July 31, 2021.

5.0 OVERALL CONCLUSION

Governance in the Trademarks Branch is well established, and has supported strategic decision-making as its operations are being transformed, namely over the implementation of its legislative agenda and the development of its quality framework. Developing well trained Examiners is a priority for the Branch, and has resulted in an intensive and thorough training program for all new recruits.

Meeting service standards continues to be an issue for the Branch, hampered in part by the length of its recruitment and training program. As a result, the quality framework is not always being adhered to, and record-keeping practices in this manual processing environment are not always reliable. The Branch should examine its operations to streamline its processes and automate as many steps as possible, without compromising the quality of application processing.

APPENDIX A: AUDIT CRITERIA

Audit Criteria	Sub-Criteria
Governance and Risk Management	
1. A governance framework has been established to oversee the trademarks examination and registration processes and to monitor the performance of the Trademarks Branch against its objectives.	1.1 Management has identified and periodically assesses the risks that may preclude the achievement of the Trademarks Branch's objectives.
	1.2 Oversight bodies receive sufficient and timely information relative to monitoring the performance of the Trademarks Branch.
Internal Controls	
2. A formal process with appropriate controls has been established for the examination of trademark applications to ensure only eligible trademarks are registered.	2.1 Updates to examination and registration processes as a result of legislative changes are communicated to examiners in an effective and timely manner.
	2.2 Documented processes and guidance have been established to ensure that examiners are provided with training and tools to carry out their assigned roles and responsibilities throughout the examination process in a consistent manner.
	2.3 Adequate quality assurance mechanisms have been established to ensure that only eligible trademarks are registered.
3. Formal mechanisms have been established to ensure applications meet the defined service standards and clients are satisfied with the examination process.	3.1 Mechanisms are in place to ensure that trademark applications are examined and processed within the defined service standards.
	3.2 Feedback mechanisms are in place to establish the satisfaction levels of clients with the trademarks examination process.