

Patent Issues

Group 8: Industria de Diseño Textil, S.A. v Sara Ghassai

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Assignment Acknowledgement

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Introduction to the Case

The dispute in *Industria de Diseño Textil, S.A. v. Sara Ghassai* (2024 TMOB 150) highlights important issues in Canadian trademark law. The dispute began when Sara Ghassi applied to register the trademark *ZARIN HOME*, which was opposed by Industria de Diseño Textil, S.A., owner of the well-known *ZARA* brand family. The application was opposed on several grounds, including bad faith, lack of use or intent to use, non-distinctiveness, and the potential for consumer confusion with its existing marks (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024).

The Trademark Opposition Board (TMOB) reviewed a motion to strike parts of the opposition to see which claims were legally sufficient to proceed. While the ruling primarily focused on procedural matters, it drew attention because some of the legal citations cited by the applicant were found to be inaccurate or unsupported (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024). The Board stressed that legal professionals need to verify all authorities before submitting them, regardless of how the research was conducted.

This case highlights the complexities of trademark opposition in Canada and the responsibility of professionals to ensure the accuracy of their filings. It sets a clear example of the need for careful review and proper support of legal arguments in intellectual property cases (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024).

Issue #1: Use Of Artificial Intelligence Leading To False or Fabricated Legal Citations

Context Of The Issue

Industria de Diseño Textil, S.A. v Sara Ghassai is a trademark dispute decided by the Canadian TMOB (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024). While the ruling deals with a procedural question about whether the opponent's objections were properly set out, it also highlights an important issue related to the use of artificial intelligence (AI) in legal practice. Specifically, the case illustrates the risks that can arise when generative AI is relied upon to assist in preparing legal submissions. If AI-generated content is not carefully checked, it can include inaccurate information or even completely fabricated legal authorities, which can weaken legal arguments and undermine the fairness of the adjudicative process (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024).

Identification & Significance Of The Issue

During the proceeding, one party cited a previous TMOB decision to support their argument. Upon review, the Board found that the cited decision did not exist and therefore could not rely on that authority (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024). Although the Board did not expressly state that AI had been used, it suggested that the error was consistent with mistakes that can occur when AI-generated content is incorporated without proper verification. This reflects a limitation the Federal Court has acknowledged, namely that AI-generated outputs must be verified as they may contain inaccuracies (Federal Court of Canada, 2025).

These kinds of errors are a serious concern in legal proceedings. Boards depend on parties to provide accurate legal authority to make fair and efficient decisions (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024). Submitting a case that does not exist damages the credibility of the argument and can disrupt the decision-making process. Even when such an error is identified and corrected, it still wastes time, resources, and may diminish the Board's confidence in the party's overall submissions (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024). Beyond procedural errors, this issue also raises questions of responsibility and accountability, as the use of AI does not relieve a party of its duty to ensure the accuracy of the information it submits. While AI tools may

assist with research or drafting, the party remains responsible for reviewing and verifying the final content before it is filed (Federal Court of Canada, 2025).

Solutions & Guidance On AI Use

To address these risks, the Federal Court of Canada provides guidance on the proper use of AI in legal proceedings, which is directly relevant to this case (Federal Court of Canada, 2025). According to this guidance, AI should only be used as a support tool and not as a replacement for professional legal judgment or research (Federal Court of Canada, 2025). Parties are expected to carefully review and verify all AI-generated content, including legal citations, before submitting any materials to a court or adjudicative body (Federal Court of Canada, 2025). The guidance also emphasizes accountability; even when AI tools are used, the party submitting the material is fully responsible for its accuracy (Federal Court of Canada, 2025). Thorough human review is therefore essential to prevent errors such as fabricated legal authorities. If these principles had been followed in *Industria de Diseño Textil, S.A. v Sara Ghassai*, the false citation would likely have been caught before submission. A simple verification check would have revealed that the cited TMOB decision did not exist.

This case highlights the risks of using AI in legal practice. While AI can assist with research and drafting, its outputs must be carefully reviewed (Federal Court of Canada, 2025). The TMOB decision and Federal Court guidance emphasize the need for accuracy, accountability, and human oversight to ensure legal submissions remain reliable and fair.

Issue #2: AI and Procedural Gatekeeping in Trademark Opposition Proceedings

The Issue: Procedural Challenges Arising from AI-Assisted Pleadings

Trademark opposition proceedings before the TMOB rely on parties clearly setting out their grounds of opposition so that the issues in dispute are properly defined from the start and can be solved fairly and efficiently. The Board depends on this procedural clarity to decide which claims are legally sufficient to proceed and which should be struck at an early stage (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024). This early screening plays an important role in keeping opposition proceedings focused and manageable for both the parties and the tribunal.

The importance of procedural clarity is evident in *Industria de Diseño Textil, S.A. v. Sara Ghassai* (2024), where the TMOB considered a motion to strike portions of the statement of opposition on the basis that certain grounds were not adequately pleaded. The Board examined whether the allegations were sufficiently specific to allow the opposition to continue, reinforcing its role in filtering out procedurally weak claims (*Industria de Diseño Textil, S.A. v. Ghassai*, 2024). Although the decision does not explicitly mention the use of AI, it highlights a potential concern as AI tools become more common in legal drafting. Courts have cautioned that AI-generated content may appear clear and well-organized while still failing to meet procedural requirements (Federal Court of Canada, 2025). As a result, AI-assisted drafting may increase the likelihood that pleadings require additional scrutiny at the procedural stage. These concerns are not about the accuracy of legal citations, the quality of legal reasoning, or professional responsibility, but rather about how AI-assisted drafting may affect the procedural management of trademark opposition proceedings as a whole.

The Solution: Strengthening Procedural Safeguards in AI-Influenced Filings

Addressing these procedural concerns does not necessarily require restricting the use of AI in trademark opposition proceedings. AI tools can still be useful for organizing information or assisting with early drafts. Instead, the focus should be on maintaining clear procedural standards regardless of how submissions are prepared. As shown in *Industria de Diseño Textil, S.A. v.*

Ghassai (2024), the TMOB already has the authority to assess whether opposition grounds are properly pleaded, and this authority can help ensure that procedural requirements continue to be met.

One way to address the issue is through clearer guidance on the level of specificity expected in opposition pleadings. Early procedural review or more consistent scrutiny at early stages could reduce the need for later motions to strike and help streamline the opposition process. This approach aligns with judicial guidance emphasizing that AI should be used as a supporting and that its outputs must still meet existing legal and procedural standards (Federal Court of Canada, 2025). By focusing on procedural clarity, the TMOB can allow AI-assisted drafting to coexist with fair and efficient trademark opposition proceedings.

Issue #3: Overreliance on AI for Legal Reasoning

The Issue

The issue with the overreliance on generative artificial intelligence (AI) in legal reasoning is that it undermines the reliability and integrity of legal processes. When AI-generated content is used without adequate human verification and fact-checking, it creates a risk of fabricated citations, mischaracterized case law, and unsupported legal propositions. These inaccuracies directly compromise the accuracy of judicial reasoning and, in turn, the quality of court decisions and actions.

As demonstrated in *Industria de Diseño Textil, S.A. v Ghassai* (2024), the Registrar disregarded multiple citations relied upon by a party because they either did not exist or did not support the principles for which they were cited. This highlights a key limitation of generative AI systems, which are designed to produce plausible-sounding language rather than ensure legal accuracy (Avallain, 2025). In a legal context, these errors are not merely technical; they directly undermine the reasoning process by severing the link between legal arguments and authoritative sources. As a result, courts and tribunals are forced to disregard portions of submissions, weakening the overall quality and coherence of the argument and diverting attention away from the substantive legal issues at hand.

The Solution: Reaffirming Human Oversight Within Procedural Fairness

The solution to the overreliance on generative AI in legal reasoning lies in reaffirming human oversight, verification, and professional accountability as essential components of legal practice. While AI tools may assist with limited tasks such as drafting or preliminary research, they must not replace careful legal analysis or independent verification of legal authorities.

In *Industria de Diseño Textil, S.A. v Ghassai* (2024), the Registrar reminded parties of the importance of verifying the final work product prior to submission, particularly where generative AI may have been relied upon. This reinforces the principle that legal practitioners remain fully responsible for the accuracy of their submissions, regardless of the tools used in their preparation. Mandatory fact-checking of citations, confirmation of case law, and validation of legal propositions against authoritative sources therefore function as critical safeguards to protect the integrity of legal proceedings (*E-Laws | Ontario.ca*, 2025).

Additionally, institutional oversight by courts and tribunals serves as an important backstop. By disregarding unreliable authorities and grounding decisions in established jurisprudence, adjudicative bodies help preserve procedural fairness. However, as demonstrated in *Industria de Diseño Textil, S.A. v Ghassai* (2024), courts should not be expected to routinely correct AI-

generated errors on behalf of parties. Ensuring accuracy at the submission stage is therefore essential to maintaining the integrity, fairness, and efficiency of legal decision-making.

Issue #4: Accountability & Professional Responsibility in the Use of AI

The Issue: Accountability & Professional Responsibility cannot be Delegated to AI

The use of AI in legal research and documents creates a serious issue of accountability, as it can conflict with a lawyer's professional obligation to provide competent and diligent representation. AI tools may be able to assist with generating text or summarizing lengthy documents, but they cannot be held responsible for mistakes. In Ontario, responsibility for accuracy, judgment, and ethical conduct always rests with the lawyer (Law Society of Ontario, 2026). This becomes a problem when AI is used without proper oversight because doing so may fall short of the professional obligation to provide the best possible care to clients.

Lawyers are required to act competently and in their clients' best interests at all times, which includes understanding the law and exercising independent judgment. AI does not guarantee accuracy and can produce text that appears correct even when it is wrong. Relying on AI output without careful verification is, therefore, inconsistent with the level of care expected of legal professionals and cannot replace professional judgment.

As seen in *Industria de Diseño Textil, S.A. v Sara Ghasai*, using false citations is very serious, and the use of AI does not excuse or diminish the professional responsibility of the party who submits the work. If anything, it increases the responsibility of the party. Submitting inaccurate or fabricated legal citations (whether AI-generated or not) can mislead the TMOB and damage the trust in the legal system.

The Solution: Aligning AI Use with Legal Obligations

The solution is not to remove AI from being used in legal practice, but to ensure that its use meets professional obligations. The main takeaway from this case is that AI may assist in legal work, but it cannot replace the level of care and judgment required of a lawyer.

First, any use of AI in legal work must be carefully reviewed and disclosed when used. AI should be treated as a supporting tool (similar to a law student who is not officially a practicing lawyer) whose work should be reviewed. All citations, legal principles, and claims generated with the help of AI must be independently checked against reliable sources before submission. A lawyer's duty to provide competent representation requires this level of care, and relying on AI without proper review does not meet the standards owed to clients or to the court. This approach ensures that professional judgment is still being used while utilizing AI.

Second, law school and professional training should highlight that legal competence now includes an understanding of AI's limitations. The TMOB's warning in this case makes clear that ignorance of the limitations of AI is not an acceptable defense. Lawyers must understand when AI can be useful and when its use compromises the integrity of the legal system.

Professional responsibility in law cannot be delegated to AI. Lawyers are obligated to provide the best care at all times, and reliance on AI does not meet this standard. When used carefully and responsibly, AI can support legal practice, but accountability must always remain with the lawyer.

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