



## Proposed New Canadian Patent Rules: Our Detailed Review – Part 2

November 10, 2017

By Robert Storey, H. Samuel Frost, Stephen Beney, Ken Bousfield, Patricia Folkins, Jason Hynes, Anastassia Trifonova, and Joanna Pohl

### Divisional Applications

The draft *Patent Rules* address a number of technical aspects pertaining to divisional application practice. For example, CIPO's position regarding unity of invention based on "a single general inventive concept" will be formalized as part of the draft *Patent Rules*, and so as to be consistent with the PCT (Rule 13). Most formalities and procedural steps taken in respect of a parent application will be deemed to have similarly been taken in respect of a divisional application. Moreover, where an application is filed in a foreign language, the draft *Rules* stipulate that a divisional application cannot be submitted until the required English or French translation of the parent application has been submitted.

Although the *Patent Act* will provide that a divisional application can be filed any time before the parent application has issued, or if the parent application has become abandoned, during the period for reinstatement (i.e., 12 months), the draft *Rules* propose different deadlines in the case of a final refusal. Specifically, a divisional application can only be filed within six months after a final refusal if the applicant has not appealed, and if the applicant has appealed, within two months of a final judgment rendered in the appeal, or discontinuance of the appeal. These provisions are nonetheless slightly more generous than the current provisions, with respect to abandoned and refused applications.

The draft *Rules* are also rigid in requiring, for example, details of the parent application in the petition for the divisional application, and providing no provision to correct an application number.

As noted in IPIC's submission, the draft *Rules* are inflexible in requiring the applicant for the divisional to be the same as the applicant for the parent application. There is no reason why an entity other than the original applicant cannot file a divisional application, and this appears to be inconsistent with existing case law.

The draft *Rules* provide that an original application may not be amended to include a claim to an invention that has at any time been the subject of a divisional application. This is too restrictive; if an Examiner argues that there is overlap between claims of a parent and divisional application, it should be possible to introduce, or re-introduce, those claims into the parent application.

### Amendments and Corrections after Allowance

The draft *Patent Rules* simplify the manner in which an applicant can pursue an amendment after the CIPO has issued a Notice of Allowance. At present, in most situations, an applicant wishing to amend after allowance has to resort to first letting the application become abandoned by failing to pay the issue fee. The draft *Rules* allow an applicant to request that the Notice of Allowance essentially be withdrawn upon payment of a fee, after which the amendment can be submitted and the examination process will resume.

The amendment will be permitted if: "it is obvious that something else was intended than what appears in the specification and drawings and that nothing else could have been intended than the proposed amendment", which is more restrictive than a current provision that only requires that the amendment not "necessitate a further search".

The draft *Rules* permit an application to be filed in a foreign language, subject to subsequently submitting a translation in



English or French. The draft *Rules* indicate that the translation must not incorporate amendments; any amendments must be submitted separately after the English or French translation has been filed.

The draft *Patent Rules* simplify the procedures for correcting certain errors, including errors in the name or identity of the applicant or the inventor, and obvious errors in the specification or drawings. The draft *Rules* permit correction of certain errors in an issued patent, upon payment of a government fee. Again, there are time limits for a request for correction of a patent - generally six months after issuance for errors made by the Patent Office and four months for other errors.

As noted, there are no provisions for correcting faulty translations, so unless these *Rules* are revised, greater care will need to be taken in preparation of an original translation.

#### Payment of Maintenance Fees

The draft *Patent Rules* contain a significant re-write of the provisions for paying maintenance fees. However there are no substantive changes to the due dates for paying maintenance fees and the corresponding amounts that are due. Since the *Patent Act* refers to paying the prescribed fees “on or before the prescribed dates”, the draft *Rules* set out those “prescribed dates”. As before, the prescribed date for paying the maintenance fees for an application and patent is the anniversary of the filing date, beginning on the second anniversary, and maintenance fees for divisional applications that would have been due prior to the filing of the divisional application (the divisional date) are due upon filing the divisional application. One significant change to the *Patent Rules* for maintenance fee payments is that, anyone, including an annuity service, can pay a maintenance fees for a patent application. Currently this must be done by the agent of record. Further significant changes have been made to the abandonment and reinstatement provisions that apply when payment of a maintenance fee is missed (see below).

#### Abandonment and Reinstatement

The draft *Patent Rules* require that an applicant receive a notice before actual abandonment occurs. Therefore, for maintenance fee due dates and the due date for requesting examination, the Patent Office, under the draft *Rules*, will send a notice to the applicant after a due date is missed and the notice will set the time period to respond by taking the required action and paying a late fee before abandonment occurs. Thus the actual date of abandonment will depend on the date of the notice. As for some actions, the reinstatement period is calculated from the date of abandonment, applicants and their advisers will need to determine these dates with care.

For due dates such as responding to an office action or paying the issue fee the Patent Office will not need to send a further notice of possible abandonment for failure to respond. Further, under certain circumstances, there will be a requirement to provide reasons for the abandonment and the reasons must set out the basis to argue that the missed due date was unintentional or that it occurred in spite of due care, before reinstatement can occur. The table below summarizes the changes in the abandonment and reinstatement provisions proposed in the draft *Patent Rules*:

<b>ACTION</b>	<b>Abandonment - Proposed</b>	<b>Reinstatement - Proposed</b>
Maintenance Fee (application)	Notice required from Patent Office if due date is missed; application is abandoned if no payment of missed fee and late fee within later of 6 months from due date or 2 months from date of notice.	Due care reasons needed to reinstate after abandonment; must be requested no later than 18 months from missed due date; late fee applies.



Maintenance Fee (patent)	Notice required from Patent Office if due date is missed; patent deemed expired retroactively to due date if no payment of missed fee and late fee within later of 6 months from due date or 2 months from date of notice.	Due care reasons needed to reverse deemed expiry; must be requested no later than 18 months from missed due date; late fee applies.
Examination Request	Notice from Patent Office required if due date is missed (3 years from the filing date); application is abandoned if examination is not requested within 2 months from date of notice	Reinstatement may be requested within 12 months from the date of abandonment; due care is required to reinstate in the period starting 6 months after the due date; late fee applies.
Response to Office Action	Application abandoned upon missed due date (4 months from date of office action); extension of time (maximum 2 months) may be granted – fee required for extension.	Request within 12 months of missed due date; late fee applies; no reasons needed.
Paying Final Fee	Application abandoned if final fee is not paid 4 months from Notice of Allowance; no extensions of time permitted.	Request within 12 months of missed due date; late fee applies; no reasons needed.
National Phase	Must be entered on or before 30 months from earliest priority date.	Request rights be reinstated within 12 months of missed due date; late fee applies; <u>reasons for failure to file must unintentional.</u>
Providing translation	2 months after date of notice sent by Patent Office to provide.	Request within 12 months of missed due date; late fee applies; no reasons needed.
Further drawings	3 months after date of notice sent by Patent Office to provide.	Request within 12 months of missed due date late fee applies; no reasons needed.



The draft *Rules* regarding the reinstatement of abandoned applications will only apply with respect to abandonments that occur on or after the date the new *Rules* come into force. It is uncertain how the Patent Office will apply the unintentional and due care standards. Of course, it is important to note that the decisions of the Commissioner on whether or not these standards have been met can be challenged in the Courts.

#### Third-party Rights

One of the more interesting changes introduced by the changes to the *Patent Act* was the introduction of third-party rights. These effectively provide a safe harbour for acts committed by third parties during period of abandonment of an application or lapse of an issued patent; acts that otherwise might infringe. These intervening rights are tied to the abandonment provisions. Under the draft *Patent Rules* this exception from infringement is introduced where such acts are in good faith, and have made 'serious and effective preparations' to commit during a prescribed period after an applicant or patentee failed to request examination or pay a maintenance fee by the original deadline. What is 'serious and effective preparations' and what showing of due care is required to reinstate are yet to be determined. However, it is clear that these issues can be avoided by taking action within 6-months of the original deadline and correcting the missed examination or maintenance fee

#### Recording Transfers and other documents

The draft *Patent Rules* refer to transfers, changes of name, and other documents. While generally preserving current provisions, the draft *Rules* make registration of documents less onerous: recording a change of name or recording a transfer by the applicant no longer requires evidence.

#### Small Entity Status

The small entity definition is largely unchanged under the draft *Patent Rules*, except for the significant exclusion of "a contingent obligation to transfer or licence, any right or interest" to a non-small entity. Any small entity declaration must be submitted *on or before the filing date* of the application, except that if the filing fees are not paid on filing of an application, then the Commissioner must issue a notice requesting late payment of the filing fee, in which case the deadline to file the small entity declaration must be filed *either* before the mailing date of such notice or within two months of the mailing date of the notice. It is interesting to note that if the notice must be sent, and the small entity declaration must be filed within two months of the mailing date of such notice, referencing the time period before the notice is sent seems redundant. Small entity status may be claimed by a person, other than the patentee, who files a request for re-examination.

#### Extension of Time

The draft *Patent Rules* preserve the Commissioner's ability to extend some deadlines where justified in the circumstances, provided that a request is made before the relevant time period and the fee is paid. While the new Rule 8(1) is very broadly written, it implies an almost unlimited authority to extend deadlines; there are many notable exceptions or restrictions elsewhere in the draft *Rules*. The draft *Rules* preserve the ability of an applicant or patentee to "top up" small entity fees (such as filing fees, examination fees, final fees, and maintenance fees) provided that the mistake was made in good faith and a penalty fee is paid.

#### Communications

The draft *Rules* generally preserve the form and manner of presenting documents to the Patent Office. One interesting change stipulates that, where an email address is provided to the Patent Office, email attachments sent to that address will be deemed to be sent on the date "borne by that attachment". Presumably the intent is that, where office actions and communications set a date calculated from the date of the communication, and the communication is sent by a later date email, the date of the email is not to be used to calculate the due date for response.

Also preserved in a slightly different format is the general requirement that correspondence relate to one single application only, except for certain communications including transfer documents, change of name or address information, maintenance fees and appointments of agents. Newly added to this Rule is a further exception for correction of an error, which allows communication in regard to multiple applications where the error is common to all the applications.

The draft *Patent Rules* no longer require correspondence to reference the title of an application, and correspondence must



now specifically list the applicant (no longer either the inventor or the applicant will suffice). In a similar manner, a new Rule for granted Patents specifies that the patent number and patentee must be listed.

Electronically delivered documents will be considered as being received on the day the Patent Office receives them, based on the local time in the Patent Office. Thus, faxes and submissions through CIPO's e-filing portal can still be filed after regular business hours but before the end of the day and or days when CIPO is closed.

Somewhat controversially, the draft *Rules* provide that a communication from the Patent Office is "deemed" to be sent on the date of the communication, with no opportunity to correct or rectify if the communication is never sent or is not received.

As required by the PLT, the draft *Rules* permit various entities to correspond with the Patent Office, e.g. the applicant, an appointed agent and a company handling maintenance fee payments. While required by the PLT and apparently giving applicants greater flexibility in how their applications are handled, multiple channels of communication must lead to the possibility of confusion or miscommunications. IPIC's submission suggests that, where a patent agent is appointed (as for most applications), then the appointed agent should be kept apprised of all communications.

#### Sequence Listings and Biological Deposits

The draft *Patent Rules* now include a new Rule that specifies that an application must not contain more than one copy of a particular sequence listing regardless of its form of presentation (paper or electronic). Moreover, excess page fees that are due with the issue fee will no longer apply to pages of a sequence listing submitted in electronic form.

Under the draft *Patent Rules*, the deposit of biological material with an international depository can be made by the applicant's predecessor in title, in addition to the applicant. If samples are transferred to a substitute international depository authority or a new deposit is made to another international depository authority, the requirement that the name of the second international depository authority be provided has been removed. It appears that all that must be provided is the new accession number. With respect to nomination of an independent expert by the Commissioner, the requirement that this be done "within a reasonable time" has been removed in the draft *Rules*. The Rule with respect to certification has been revised to include "material" derived from the sample, in place of "culture" derived from the sample.

#### PCT and application of the treaty

In Part 1 of this article, we discussed changes to the national phase entry requirements. The basic requirements for international phase entry will remain the same. It should be also noted that the draft *Patent Rules* also indicate that the international application filed with the Commissioner which designates Canada under the PCT is subject to the provisions of not only the *PCT* and *Regulations* under the PCT, but also *Administrative Instructions* under the PCT (as modified from time to time under the PCT). The inclusion of *Administrative Instructions* under the PCT in the draft *Rules* appears to ensure completeness of the scheme but the practical implications may be limited given that the Patent Office seems to have been acting in accordance with these *Instructions*. In disputes with CIPO, it may give applicant's clearer basis to argue that CIPO must follow the Administrative Instructions.

#### Summary

The draft *Rules* represent almost a complete rewrite of the Canadian *Patent Rules*, with many of the changes being driven by the need to comply with the PLT. It is somewhat ironic that, while the PLT is intended to make the patent application process more forgiving and easier for applicants, the new *Rules* introduce many complexities not found in the current *Rules*. Canadian patent applicants and their advisers will have to become familiar with a number of new and different procedures. However, there are many changes favourable to applicants, such as the general principle that an applicant should always receive notice of any omission that causes abandonment of an application. There are clearly a number of problems in this first draft of the *Patent Rules*, which will cause difficulty in practice if not revised. The Canadian *Trademark Rules* are also under review, with the process having started earlier. Much care and time has been taken in drafting these *Rules* and it is hoped that the same level of consultations will be given to the *Patent Rules* as to the *Trademark Rules*. We intend to follow closely the development of the *Rules* and report on further revisions as they become available.

Information on this website is for information only. It is not, and should not be taken as, legal advice. You should not rely on, or take or not take any action, based upon this information. Professional legal advice should be promptly obtained. Bereskin & Parr LLP professionals will be pleased to advise you.

