Intellectual Property Institute of Canada Submission on the Manual of Patent Office Practice

Submission to the Canadian Intellectual Property Office regarding draft topics for the new Patent Rules in the Manual of Patent Office Practice, posted for public consultation in March 2019

May 30, 2019

INTRODUCTION

The Intellectual Property Institute of Canada (IPIC) is the professional association of patent agents, trademark agents and lawyers practicing in all areas of intellectual property law. Our membership totals over 1,700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members' clients include virtually all Canadian businesses, universities and other institutions that have an interest in intellectual property (e.g. patents, trademarks, copyright and industrial designs) in Canada or elsewhere, as well as foreign companies who hold intellectual property rights in Canada.

As an organization dedicated to enhancing the competitiveness of the Canadian intellectual property system, IPIC welcomes every initiative by the Canadian Intellectual Property Office (CIPO) and Innovation, Science and Economic Development Canada (ISED) to improve the Canadian intellectual property framework.

IPIC appreciates CIPO's continuing willingness to engage in formal and informal dialog with IPIC and its members on the amendments to Canada's industrial design, trademark, and patent laws and regulations. We believe that all our joint engagements have been productive and have fostered deeper relationships between CIPO and our members, and will lead to more opportunities to collaborate and benefit the Canadian public.

We would also like to thank the Patent Branch (the "Office") for holding an informal conference call with IPIC representatives during the consultation on draft topics for the new Patent Rules in the Manual of Patent Office Practice (MOPOP). This letter contains IPIC's formal response to the public consultation, which reiterates many of the points raised during that discussion.

1. WRITTEN COMMUNICATIONS

DUE DATES ON CORRESPONDENCE

While not specifically indicated in the draft MOPOP guidance, we understand that it is the Office's intention to include computed due dates, which include extended due dates pursuant to subsection 78(1) of the *Patent Act*, on future Office correspondence. We agree that this is a positive development for many applicants.

However, to avoid confusion, we request that Office correspondence clearly indicate when a stated due date is an extended due date, and also include the legally defined due date, which is generally defined in terms of months (e.g., "3 months from the date of this notice").

PROOF OF SUBMISSION

While the draft MOPOP guidance sets out the possible modes of communication with the Office, the guidance is silent on how applicants may provide proof of submission of a document, information, or fee, in case a submission is lost due to a technical glitch or human error within the Office.

Under the amended *Patent Act* and *Rules*, retaining proof of submission satisfactory to the Commissioner may be even more important, as it may be required to establish due care or avoid the creation of a period of third-party rights. We urge the Office to include information in MOPOP concerning satisfactory proof of submission for all modes of communication.

2. TIME

WITHDRAWAL OF CORRESPONDENCE BY THE OFFICE

We note that while the draft MOPOP guidance clearly states that written communications from the Commissioner or the Office are deemed sent on the date that it bears, the draft is silent on the possibility that written communications from the Office or the Commissioner may be withdrawn. We recommend that MOPOP clarify that written communications are deemed sent on the date that they bear, *unless withdrawn by the Office*.

We also request that information be provided in MOPOP concerning the circumstances in which the Office may withdraw a written communication, as well as guidance to applicants as to what evidence may be required to have a written communication withdrawn.

EXTENSIONS OF TIME

We understand from our informal discussions with the Office that when an applicant requests an extension of time, some justification is required but the standard is not onerous. However, it is not clear how much justification is sufficient. For example, an applicant may wish to take an extension of time in responding to an examiner's report not because they cannot respond, but rather because they wish to take a further two months to see if a further action will be received from a foreign patent office in a corresponding application.

It would be helpful if MOPOP included non-limiting examples illustrating when an initial extension of time may be granted, and may *not* be granted.

3. REPRESENTATION

We would like clarification of the Office's position on the required content of letters written by an agent as evidence of consent to an appointment submitted by another party. We contemplate that in practice, a letter of consent may be submitted by a third-party filer together with the appointment of agent, pursuant to a prior agreement between the patent agent and the applicant; potential conflicts and risk management would be left to the individual agent to manage.

For example, it is not clear whether the letter must identify the patent application by Canadian application serial number or PCT serial number, or whether the application is sufficiently identified by the fact that the letter is submitted with the other required documents and information on the filing date. Given that subsection 27(1) of the draft *Patent Rules* implicitly defines an appointment as a relationship between the principal (applicant, patentee, or other person) and the patent agent in respect of "any business" and does not limit the appointment to a specific application (as in current subsection 20(1) of the *Patent Rules*), it appears that a letter of consent by an agent consenting to an appointment in respect of any application made by the applicant would be sufficient. If this is the case, confirmation in MOPOP would be useful.

4. COMPLIANCE

UPDATED STATEMENTS OF ENTITLEMENT

We note that the draft MOPOP guidance suggests that it will be necessary to supply a fresh statement of entitlement under draft subsection 54(2) whenever a transfer of the application is recorded. We would like confirmation whether this is in fact the intended Office practice.

EFFECT OF PCT/IB/306 FORMS POSTDATING NATIONAL PHASE ENTRY

In some cases, a change of applicant may be requested in an international application prior to the request for entry into the Canadian national phase is submitted, but the PCT/IB/306 form showing the change may not be issued until after the national entry date.

The draft MOPOP guidance is not clear whether a PCT/IB/306 form that is issued *after* the date of the request to enter the Canadian national phase may be used to establish that the requesting party is the correct applicant. We would appreciate clarification of this point, and confirmation that actual Office practice will be consistent with the MOPOP guidance.

5. DIVISIONALS

Previously, IPIC had informally raised the concern that the new rules concerning divisional applications are too strict and may result in a loss of rights due to simple clerical errors that can no longer be corrected under the amended *Patent Act* or draft *Patent Rules*.

According to section 89 of the draft *Rules,* to be accorded divisional status an application must, on its presentation date, include a petition with a statement that the application is a divisional application resulting from the division of an original application filed in Canada, identifying the original application by application number. The consequence of section 89 is that if there is an error in the application number in the petition, the application will not be a divisional application, and a corrected petition—along with the other application documents—must be refiled. Consequently, when a divisional application is filed closer to the time of the original patent grant, an error in the divisional petition may not be detected until after the parent patent is issued, and it will be too late for the applicant to file a fresh divisional application.

The consequences to the applicant in this case far outweigh the minor inconvenience caused by an error of this nature. We hope that the final *Patent Rules* will be revised to provide applicants with the opportunity to correct this type of error in divisional filings.

6. PRIORITY

DIGITAL LIBRARIES

We understand that it is the Office's intention to be able to designate the World Intellectual Property Organization (WIPO)'s Digital Access Service as an acceptable digital library under section 74 of the draft *Patent Rules*. IPIC hopes that this will be effective immediately on the coming into force date of the amended *Patent Act* and *Rules*.

TIME TO FILE CERTIFIED COPIES

As the Office knows from IPIC's previous official and unofficial submissions, the prescribed time to make a request for a certified copy of a priority document and to submit the received document under subsections 74(6) and (8) of the draft *Patent Rules* continues to be a concern. In the circumstances where these provisions are invoked, timely compliance requires the cooperation of parties outside the applicant's—or the Canadian patent agent's—control: the foreign agent who communicates with the priority patent office to obtain the certified copy; the priority patent office that must issue the certified copy; the priority patent office's domestic postal system that delivers the certified copy to the foreign agent; the international postal or courier system that transmits the certified copy from the foreign agent to the Canadian patent agent; and Canada Post or the domestic courier system used by the Canadian agent to submit the certified copy to the Office. A delay at any point—or lost mail—will result in the deemed withdrawal of the priority claim pursuant to subsection 74(9).

We note that the draft MOPOP guidance reflects some possible revision to the draft *Rules* on this point, but it appears that the revision imposes an even tighter deadline on applicants. It appears the deadline for making the initial request of the priority patent office in subsection 74(6) has been relaxed, which is helpful; but it appears that subsection 74(8) will define the deadline for submitting the certified copy to the Office using the date on which the *person who requested the certified copy received the certified copy*. It may be outside the applicant's control when this person—who may be the foreign agent, or some other party—actually sends the certified copy to the Canadian agent for submission to the Office (or to the Office directly), and any delays in the delivery by the international postal system or courier is certainly outside the applicant's control.

Furthermore, the applicant, Canadian agent, and the Office may have no way of knowing what the actual date of receipt by the requesting person actually is. The date of certification cannot stand in for the date of receipt. A foreign patent office may generate a certified copy of an application promptly upon receipt of a request, but their internal processes may delay the actual mailing of the certified copy to the requesting person. Information about the actual date of mailing (e.g., a postmark) or date of receipt (e.g., a datestamp on an envelope enclosing the certified copy) may not be retained in the ordinary course of business, or the foreign agent may not appreciate the significance of proving that date. This apparent revision to the draft *Rules* creates further uncertainty and risk for applicants.

It is important that the *Patent Rules* be revised to accommodate delayed delivery of certified copies of priority documents, and that the Office accept electronic (scanned) copies of priority applications and certificates in place of physical copies. If the Office is willing to accept scanned copies, this information should be included in MOPOP.

We also note that the draft MOPOP guidance on priority is silent on the availability of extensions of time to meet the deadlines for providing a certified copy or digital access. This information should be included so that applicants may know that they have options to preserve their priority claims. Furthermore, we strongly recommend that contrary to the guidance set out in the draft MOPOP guidance on extensions of time, that multiple extensions of time for longer than six months be granted to applicants who require additional time to perfect their priority claims.

EXEMPTION FROM CERTIFIED COPY/DIGITAL LIBRARY REQUIREMENT

The draft *Patent Rules* create an exemption from the requirement to supply a certified copy or digital library access where the priority application is a patent application filed in or for Canada (subsection 74(1)) or where the application is a national phase entry, and the applicant had complied with the priority requirements set out in the Patent Cooperation Treaty Regulations (subsection 74(12)).

However, it appears that the draft MOPOP guidance creates an exemption that is not supported by the draft *Rules*. In the draft, the applicant is also exempt if the priority document is a PCT application.

If this broader exemption is not the result of a revision to the draft *Rules*, then it appears that the draft MOPOP guidance goes beyond its permitted scope.

If this broader exemption is the result of further revision to the draft *Rules*, it is unclear how the public can assess the legitimacy of a priority claim to a PCT application, if the PCT application was withdrawn before publication. If no certified copy is placed in the later-filed Canadian application and the applicant is not required to provide the Commissioner with access to their unpublished PCT application, third parties will not be able to verify the basis for the priority claim.

A similar concern arises in the case where an application claims priority to a previous Canadian application, when that previous application is withdrawn before publication. It is unclear whether the Commissioner has authority to place a copy of an unpublished priority document in another application file that is laid open to public inspection.

7. CORRECTIONS

MEANING OF “IDENTITY”

Corrections of applicant or inventor names, at certain times during application pendency, are only permitted under the draft *Patent Rules* provided the correction does not change the “identity” of the party. IPIC had previously noted that the meaning of “identity” in the draft *Rules* is unclear.

Unfortunately, the draft MOPOP guidance is insufficient. Applicants require guidance on other common scenarios:

- on filing, a company is identified as XYZ Inc. instead of LLC;
- on filing, the filer accidentally transposes two numbers in the name of a numbered company (e.g., 1314486 Ontario Ltd. instead of 1341486 Ontario Ltd.), which may be the name of another company that does exist, but is unknown to the true applicant or filer
- an applicant changes its name shortly before an application is filed, but the filer is not aware of the change and uses the old name
- an inventor "Jon Smyth" is erroneously identified on filing as "John Smith", who may be an existing person (e.g., both may be inventors employed by the applicant)

It would be helpful if the Office's position in these cases was set out in MOPOP.

EFFECT OF RECORDING INVENTOR ASSIGNMENT

Section 104 of the draft *Patent Rules* limits identity-changing corrections to an applicant name to the period ending on the earlier of publication of the patent application and the date on which a request to record a transfer "of the application" is received.

In many cases, patent applications are filed in the name of a corporate applicant (who is the legal representative of the inventors), and the applicant wishes to record assignments from the inventors to the applicant. These assignments typically transfer all rights in and to the invention—and any applications for patents on the invention—from the inventors to the applicant. The request for recordal may be submitted at the same time that the other application documents are presented to the Office.

However, because the application was filed in the name of the transferee, even though a request to record a transfer has been made, there would be no change in title to the Canadian application in the Office records. We would like confirmation that the recordal of a transfer from inventors to the initial applicant would not prevent the person who submitted an application from requesting a correction of the application name thereafter.

8. DUE CARE

The draft MOPOP guidance on the "due care" standard sets out general information on the procedure that will be followed by the Office to assess whether or not the applicant or patentee failed to meet a late fee due date "in spite of due care required by the circumstances having been taken". The draft guidance closely follows the PCT Receiving Office Guidelines published by WIPO (the "PCT Guidelines"). However, the wording of the draft MOPOP guidance and the heavy reliance on examples set out in the PCT Guidelines raises several concerns.

REASONABLE EXPECTATIONS AND "CUSTOMARY DILIGENCE"

The draft MOPOP guidance states that when a "due care" determination is made, the Commissioner will consider "whether anything else could have been *reasonably expected* to have been done to avoid the failure" and "the *customary diligence* that a prudent party would have exercised", having regard to the particular circumstances of the case. What is not clear from the draft MOPOP guidance is what standard of care will inform the Commissioner's determination of "reasonableness" or "customary diligence".

Paragraph 166M of the PCT Guidelines merely set out example scenarios of due care—or lack of due care—without extracting principles that should be applied when a case does not match the fact scenarios contemplated in the examples. They furthermore stop short of quantifying (so to speak) the level of effort required by an agent or applicant to meet the abstract standard of due care.

For instance, example (h) concerning facsimile or software submission failure (which is mentioned in the draft MOPOP guidance) suggests that a prudent applicant or agent will exhaust "all reasonable alternative means" to submit an international application and identifies no less than six alternatives. Analogized to abandonment or expiry in Canada, it is true that a party has several options for communicating with and tendering payment to the office. How many of those options must be tried by an agent to demonstrate that due care was exercised?

As another example, paragraph 166L of the PCT Guidelines invokes a sliding scale for applicants and agents: a "corporate applicant or agent" must demonstrate that they have sophisticated docketing, back-up, and reminder systems and demonstrably reliant support staff, whereas a "small applicant or agent, such as an individual inventor or a small or medium-sized enterprise" is not required to meet the same standard, but nevertheless must apply "best practices in the field". If this guidance is also applied to Office determinations of due care, what is the definition of a "small" applicant or agent, and what is the source of "best practices"?

In short, reliance on the PCT Guidance is not complete guidance for Canadian applicants, patentees, and agents. The Office must define and consistently apply a standard of care that legally justifiable and fair to all concerned stakeholders.

Since it is only now that Patent Law Treaty "due care" is being introduced into Canadian law, we have no precedent in Office practice that establishes a standard of care. The sparse information that is available suggests that in the past, the Office has considered that mere inaction—in the absence of positive evidence by the patentee—indicated a lack of reasonable diligence.[1] When establishing "due

[1] See, for example, page 6 of the Office Letter dated January 28, 2011 in Canadian Patent No. 1,341,486. The decision set out in this letter was subject to judicial review in *Repligen Corporation v. Canada (Attorney General)*, 2012 FC 931.

care" guidelines now, the Office must understand that the very nature of an error or omission resulting in an unintended abandonment or expiry can make it impossible for parties to provide positive evidence explaining the mistake. Office guidance on "due care" should permit reasonable inferences to be drawn from available information, and should not penalize applicants or patentees simply because incomplete evidence is available.

INVOLVED PARTIES

Because the draft MOPOP guidance relies so heavily on the PCT Guidance, it omits references to other actors that are commonly involved in the prosecution and maintenance of Canadian patent applications. Since the PCT Guidance is directed to Receiving Offices, naturally it is not concerned with events such as maintenance fee payments or requests for examination, or the parties that may be involved in the national stage.

Larger patent filers employ annuity services to manage their application and patent maintenance fees. Furthermore, since more than 85% of patent applications filed in Canada originate from applicants outside Canada, Canadian agents frequently receive their instructions to pay maintenance fees and request examination from foreign patent counsel.

We understand from earlier discussions with the Office that a demonstration of due care may require evidence that an annuity service was retained and properly instructed; but this information is missing from the draft MOPOP guidance. The draft guidance also omits any discussion concerning evidence that may be required from co-applicants or co-patentees, in the case where there are multiple applicants or patentees, and concerning other parties who may be acting as agents (under common or civil law), including foreign patent counsel who instruct Canadian agents on behalf of foreign applicants. The draft MOPOP guidance should clarify when evidence is required from parties beyond the applicant, patentee, and Canadian patent agent.

LIMITED EXAMPLES

As noted above, the PCT Guidance—and consequently, the draft MOPOP guidance—is limited to specific factual examples. It must be understood by the decision-makers in the Office that these examples cannot be taken as exhaustive.

For example, the draft MOPOP guidance refers to an "isolated human error by assistant", but not by the patent agent, or by an instructing party (e.g., foreign patent counsel). Human errors can occur at any link in the chain of communication between an applicant or patentee and the Office. The MOPOP guidance should acknowledge that human error by other parties is consistent with a finding of due care.

As another example, in the draft MOPOP guidance, "unexpected illness" or the need for "urgent treatment" may support a finding of due care only in the case where the illness or need for treatment prohibited "all communication with other persons". First, this guidance is not sufficiently articulate as to *which* other persons are meant, or whether "all communication" refers to any communication whatsoever, or patent-related communication (the applicant or agent may be able to communicate with a family member, but not concerning imminent deadlines in the Office). Secondly, the Office should recognize that a due care circumstance can arise even when an illness is not sudden or dramatic, or when the party is still able to communicate with others. A person's errors or omissions may be due to a mental illness that may not be "unexpected", but rather undetected. Such circumstances should be accommodated by the Office guidelines. Indeed, the use of the term "illness" in the draft MOPOP guidance is too limiting. A person with mental health problems (rather than an "illness" requiring medical treatment) may commit errors or omissions that should be excusable under the "due care" standard.

We are concerned that the restrictive examples set out in the draft MOPOP guidance—despite other statements in the draft indicating that all cases will be considered on their individual merits—will be interpreted as instructions rather than general, non-exhaustive guidelines. The draft guidance should be revised with broader terminology and examples to ensure that the Commissioner does not fetter her discretion when applying Office guidance on due care, so that patent rights are not unfairly lost.

CONCLUSION

We reiterate our appreciation for the Office's openness and willingness to discuss regulatory and administrative matters with our members during this period of significant change in Canadian intellectual property law and practice. We look forward to additional productive exchanges of ideas in the future.

On that note, we recognize that the consultation only addressed some, but not all, changes to Office practice, and that further revised MOPOP content may be made available closer to the in-force date of the Patent Act and Rules amendments. IPIC would be pleased to discuss other potential changes to Office practice in advance of the MOPOP release date, whether in joint Patent Practice Committee meetings or in other forums.

If you have any questions or concerns regarding this submission, please direct them to IPIC Executive Director Adam Kingsley by email (akingsley@ipic.ca) or phone (613-234-0516).