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Re: REQUEST FOR CONSULTATION
Proposed Changes to the Canadian *Patent Rules*
Submitting Party: *Riches, McKenzie & Herbert LLP*
Our Ref.: A30/2/1(GMTtf20181221)

Dear Sirs:

The following submissions are made in response to the recent request for consultation regarding the proposed changes to the Canadian *Patent Rules* published December 1, 2018. These submissions are made on behalf of the professionals at Riches, McKenzie & Herbert LLP, and which includes, amongst its firm professionals, seven (7) barristers and solicitors who are also registered Canadian Patent Agents in good standing.

With respect to the Canadian Patent Office request for consultation regarding the proposed amendments to the Canadian *Patent Rules*, we provide the following comments.

Consultation Documents – Changes to Representation

At present, with the exception of certain patent applications filed by inventors, the filing of patent applications, and payment of maintenance fees and reinstatement of applications must be effected by a patent agent as authorized correspondent.

To this end, *Patent Rules* 12 through 19 set forth requirements for qualification and recognition as a "patent agent" in Canada, including at least two (2) years employment in the relevant field as a prerequisite to even write the qualifying examination. It is understood that the qualifying examination and relevant employment experience has been established to ensure protection of the public, and that applicants receive competent advice in matters regarding the drafting and prosecution of patent applications in Canada.

From a personal experience, as a patent firm which actively undertakes the hiring and training of new professionals to reach the point of even qualifying to write the patent agent

exam, such training entails not only significant expense, but the dedication of literally hundreds of hours of supervisory mentoring time. Many insurers will furthermore not provide patent agent errors and omissions insurance to professionals in Canada who are not qualified as registered patent agents.

i) Submitting Patent Application

The Canadian Patent Office has proposed amendments to the *Patent Rules* to permit any person authorized by the applicant, irrespective of patent agent qualifications, to submit a Canadian patent application/attend to PCT national entry in Canada.

This proposed change, if adopted, brings into question whether the Canadian Patent Office should maintain the existing system which governs the "designation" and maintenance on a register of qualified "patent agents", in any event.

If the purpose of ensuring "patent agents" have sufficient qualifications such that the public is adequately protected and receive competent advice with respect to patent law, such a need for public protection is, in fact, most critical:

- i) At the time the patent application is initially drafted, to ensure that the invention is recognized and adequately described and properly claimed;
- ii) At the time of filing/when the Canadian patent system is engaged initially, to ensure applicants receive correct advice with respect to future due dates, including the recognition of priority dates, time bars, and examination fee and maintenance fee due dates; and
- iii) At the time of reinstatement/revival, where incomplete responses will result in the irrevocable lapse of rights.

If any person may be "authorized" to file Canadian patent applications, this potentially may open the door to unscrupulous promotion firms to prepare and "file" on behalf of unsophisticated inventors, patent applications prepared without qualification. If an applicant receives unqualified representation with respect to a prepared or filed application, or even with respect to a request for reinstatement or revival of an abandoned application or patent, in many, if not most situations, the applicant could be statute barred from later recourse.

I have personally witnessed third party "patent advisors" provide applicants with incorrect advice with respect to priority filing due dates.

Candidly, there appears to be little justification, both from the perspective of protecting the public and from an economic point of view for Canadian firms which hire and mentor new patent agents, in maintaining for "patent agent" requirements merely to address

post filing prosecution matters before the Canadian Patent Office. We would urge the Commission to consider whether the changes proposed are in the public's interest.

ii) Payment of Maintenance Fees

In addition, the Canadian Patent Office has published for consultation, proposed changes to allow any person authorized to also pay any maintenance fees for the maintenance of either a patent application or issued patent. This amendment proposes to expand the ability of third parties to pay maintenance fees to include not only issued patents, but also pending applications, and to also attend to the filing and reinstatement/revival of patent applications and patents as noted above.

Dominant third-party companies which currently pay maintenance fees to maintain issued Canadian patents, include companies which are based in both the Channel Islands, and in Luxemburg.

This proposed change by the Canadian government will place Canadian based patent practitioners at a significant cost disadvantage with entities which are purposively located in off-shore, low tax jurisdictions with a view of avoiding taxes. Effectively, this change by the Canadian government, by reason of domestic taxation policies, places Canadian based representatives and tax payers directly at a competitive cost disadvantage, potentially exceeding 50%, compared to such offshore based entities.

In recognition of the tax disadvantages which the proposed change will place on Canadian agents, the Commissioner is urged to offer discounted fee options, where fees are paid through a Canadian resident patent agent. Alternately, the Commissioner is requested to delay any expansion of its acceptance of authorized correspondents, pending the harmonization of tax treatment between off-shore e-commerce based payment services and domestic Canadian practitioners.

Consultation Documents - Proposal to Indicate Filing of Electronic Communications on Date Electronically Received

The Canadian Patent Office has proposed a change to indicate communications received electronically on the date actually received, as contrasted with the date the Canadian Patent Office is next open for business.

It is believed this change is both unnecessary and has the potential to introduce needless confusion and conflict in the Canadian patent system. For example, how will the Office treat a patent filed directly on behalf of a foreign applicant on December 25th versus a Canadian applicant's application filed following the Christmas and Boxing Day Statutory holidays on December 27th? Will the foreign based case be citable against the later filed Canadian based applicant's? What of a Canadian case filed on St. Jean Baptiste Day from

agents in Ontario, as compared to an application filed the day following by an agent in Quebec?

The current system, whilst perhaps not perfect, does provide a degree of equity between applicants, extends necessary due dates for response, and further is believed to mirror practices of foreign patent offices. If the Office is to proceed with the *Rule* change, the Commissioner is requested to proceed with concurrent amendments to the *Canada Patent Act* to clarify how such conflicts are to be addressed.

Consultation Documents - Proposed Rule 88 (Divisional Application)

We would urge the Commissioner not to proceed with draft *Rule* 88 in its current form. The wording of current *Rule* 36 is believed to be both more preferred, and consistent with both the PCT criteria and the criteria set forth by the Canadian Courts for construing and assessing claims and whether the claimed subject matter moots Canadian legal requirements (see *Canada (Attorney General) v. Amazon.com, Inc.*, 2011 FCA 328).

As worded, draft *Rule* 88 has the potential to be interpreted as being both permissive as well as restrictive, equally. If restrictively construed, the draft *Rule* is open to judicial interpretation as cyclically and inconsistently re-defining the term "invention", which is defined in Section 2 of the *Act*. Draft *Rule* 88 has the potential of mandating, as contrasted with permitting, that all process, machine, manufacture, composition of matter, etc. claims be pursued in a single patent, irrespective of inventorship. The *Rule* further does not address whether divisional cases filed following a unity objection could be subject to a later validity challenge as contrary to Section 36, and which should be clarified at this time.

Consultation Documents - Transition Provisions

The proposed amendments to the *Canadian Patent Rules* will require substantive revisions and customization of existing computerized annuity docketing systems.

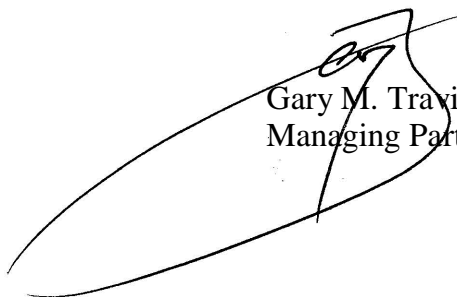
As the Commissioner is aware from its own experience with the Phoenix¹ payroll software, the implementation of new software and modified computer systems requires extensive testing and validation, particularly to ensure that legal rights may not be inadvertently lost.

The Commissioner is urged to provide at least twelve (12) months notification from the finalization of any *Patent Rule* changes prior to the amendments coming into force. This time period is essential to allow practitioners adequate time to complete both modification and validation testing of required modified docketing systems.

The Office is respectfully requested to favourably consider and acknowledge receipt of this communication.

Yours very truly,
RICHES, MCKENZIE & HERBERT LLP

GMT/tf



Gary M. Travis
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