

# Intellectual Property Institute of Canada Submission on the Proposed *Patent Rules*

Submission to the Canadian Intellectual Property Office regarding the proposed *Patent Rules* pre-published in the Canada Gazette, Part I, December 1, 2018

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**December 28, 2018**

## INTRODUCTION

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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. We commend CIPO, ISED, and the Department of Justice on their efforts in amending the *Patent Act* and *Patent Rules* to harmonize Patent Office procedures with global standards. We recognize that this has been a lengthy and challenging project, and hope that future applicants will benefit from the changes that will be introduced by these amendments.

Once again, we appreciate the opportunity to provide comments on the proposed amendments to the *Patent Rules*.

## 1. PATENT AGENT RENEWALS

### **Section 23: Restore the notice to agent procedure before removing the agent's name from the register**

We are concerned that the current process for removing agents from the register has the potential to harm patent applicants, and the process of removal should be changed to minimize the impact on an applicant if an agent's default is quickly cured.

Prior to the enactment of SOR/2013-231, section 16 of the current *Patent Rules* set out a notification process prior to removal of a patent agent from the register of patent agents who, prior to March 31 of a given year failed to meet the applicable requirement set out in subsection 16(1). The Commissioner was required to send a notice requiring compliance with subsection 16(1) within a three-month period, failing which the Commissioner would remove the agent's name from the register.

This safety net was removed in 2013 with only minimal consultation with the profession. IPIC objected to the amendment at the time. Section 23 of the proposed *Rules* continues the practice of current amended section 16.

Since 2013, the Office has experienced several instances of bulk file transfers under subsections 20(2), 21(2), and section 24 of the current *Rules* as firms have merged or dissolved, sometimes on short notice, and have struggled to ensure that applicants continue to be represented by their agent of choice. These transfers clearly increase the administrative burden on the Office; they create an additional burden on agents and applicants as well, since there is no standardized method for agents to reconcile their own records with the Office's records to ensure continuity of representation for all affected applicants. This creates a risk for applicants that an application will be missed—either by the Office or the agent—in the course of a bulk transfer, which creates a heightened risk of inadvertent loss of rights for the applicant through no fault of their own. While these incidents are not the product of current amended section 16, they do highlight the risk to applicants whenever there is a bulk change in representation to be recorded by the Office.

Also, since 2013, the Office and agents have experienced instances in which an agent's name was removed from the register by mistake after the expiry of the annual renewal period. We appreciate that the incident that occurred this year was promptly rectified with no loss of representation for applicants because the affected agents were members of an agent firm that remained on the register and were not themselves the appointed agent for any applicants. However, this kind of error would have been more difficult to correct had an affected agent been the appointed agent for a group of applicants, and had the Office followed through to remove the agent's appointment from the applicants' files and requisitioned the applicants to appoint a new agent. Our members' experience has been that notices to applicants requiring the appointment of a new agent often fail to arrive, or are sometimes misunderstood, whether those notices result from an omission during a bulk transfer or due to Office error.

Finally, the practical result of amended section 16 and proposed section 23 is that if an agent is properly removed from the register for failing to take the appropriate renewal step, the Office then removes the agent's name from the register and dispatches notices to all affected applicants, and then the agent proceeds to reinstate their name on the register, new signed appointments of agent must be sought from every applicant. The Office has to record two changes of representation for every applicant. Plus, as the Office is aware, the vast majority of patent applications are of foreign origin. Many of these applications are directed to Canadian agents via foreign patent firms, and the Canadian agent does not have direct contact with the applicant, which creates delays in obtaining fresh appointments of agent.

The point is that recent experiences have shown that applicants and the Office require a standardized procedure for bulk changes in representation that includes the exchange of information prior to implementing a change, and that unnecessary changes in representation should be minimized. Not only would such measures reduce the burden on the Office, but more importantly they would reduce the risk of inadvertent loss of rights due to lack of representation or an unanswered notice to appoint a new agent.

Thus, if an agent is removed from the register due to an administrative default, the process of removal should be structured to minimize the impact on an applicant if that default is quickly cured.

We agree that it is an agent's responsibility to ensure that their renewal fee is paid by the deadline, but this does not mean that upon default, an applicant's rights should be immediately jeopardized through the automatic operation of proposed subsection 23(2) and section 31. The agent's failure to take the required action to maintain their name on the register is not the applicant's fault.

Prior to amendment in 2013, current section 16 provided a buffer between the agent's default and actual removal from the register: an agent had a limited amount of time to cure their default with no impact on the applicant. This mechanism should be restored. While subsection 16(2) previously provided a three-month deadline after notice, this could be shortened if the Office is concerned about delay, for example to two months.

We do note that the same procedure for removal of an agent was implemented for the list of trademark agents in 2013. However, there is no legal or operational reason why the removal procedures should be harmonized. There are no situations where the appointment of a trademark agent is mandatory under the *Trademarks Act* or *Trademarks Regulations*; thus, removal of a trademark agent will not trigger a deadline-setting notice as it may under the *Patent Rules*. Furthermore, the record system and administrative policies employed by the Trademarks Branch are different than those in the Patent Branch.

## 2. COMMON REPRESENTATIVES

### **Section 26: Permit a party who submits a correction under section 104 or 155(6) to update an appointment of a common representative**

We appreciate the revisions made to the default common representative rule, now set out in subsection 26(4) of the proposed *Patent Rules*. Use of alphabetical order to determine a default common representative should be a last resort.

Proposed subsection 26(4) now causes alphabetical order to override the designation of a common representative, in the event the person who files an application or pays the basic national fee also submits a correction in the name of an applicant under section 104 or subsection 155(6). This will create undue burden on applicants.

For example, consider that applicants A and B had agreed that B would be the common representative of their joint application, and that B is a multinational with similarly named companies in different jurisdictions (e.g., B (Canada) Ltd. and B (USA) Ltd.); but the person filing the application mistakenly named B (USA) Ltd. as the joint applicant and common representative, when B (Canada) Ltd. was intended to fill those roles. While the filer could submit a correction under section 104, proposed subsection 26(4) would operate to designate A as the common representative, against the parties' wishes.

This could, of course, be corrected by a signed appointment of common representative from A; however it may not be possible to obtain the needed signature before some action by the common representative must be taken.

We understand the logic; when a correction of this nature is made, the applicant's identity may have changed, which may impact the identity of the intended common representative. However, it is equally logical that the person empowered to submit that correction under section 104 or subsection 155(6), who likely submitted an appointment of common representative pursuant to paragraph 26(3)(b) or (c), is also capable of confirming the identity of the common representative in view of their correction. Section 26 should be revised to permit an appointment of common representative to be filed by the person mentioned in section 104 or subsection 155(6).

Thus, paragraphs 26(3)(b) and (c) should be amended to refer to corrections:

(b) in respect of an application for a patent — other than a divisional application or an international application — that includes a petition on the filing date, in that petition, or in a notice to that effect that is submitted to the Commissioner by the person referred to in section 104 on the same day that the request referred to in that section is made; and

(c) in respect of a PCT national phase application, in a notice to that effect that is submitted to the Commissioner on or before the national phase entry date of that application, or in a notice to that effect that is submitted to the Commissioner by the person referred to in subsection 155(6) on the same day that the request referred to in that section is made.

And subparagraph 26(4)(a)(ii) and paragraph 26(4)(b) should be revised accordingly:

(ii) if a correction has been made in the name of a joint applicant under section 104 and no notice referred to in paragraph 3(b) was submitted, the joint applicant whose name appears first when listed in alphabetical order after the correction; and

(b) in respect of a PCT national phase application, the first person named as an applicant in the corresponding request under Article 4 of the Patent Cooperation Treaty or, if a correction has been made in the name of an applicant under subsection 155(6) and no notice referred to in paragraph 3(c) was submitted, the joint applicant whose name appears first when listed in alphabetical order after the correction.

### 3. CERTIFIED COPIES OF PRIORITY DOCUMENTS

#### **Subsections 74(8), 181(4), 196(4): Clarify the deadline for filing the certified copy of a previously regularly filed application once received**

If an applicant who is unable to supply a certified copy of a previously regularly filed application makes use of the restoration of priority option provided in subsection 74(6) of the proposed *Rules*, following subsection 74(8) the applicant must submit the certified copy of the previously regularly filed application to the Commissioner within two months after the day “on which they were received by the applicant or patentee”. We note that this deadline is more generous than the minimum specified by Rule 14(6)(b)(ii) of the *Regulations Under the Patent Law Treaty*, but even so the wording of subsection 74(8) is unclear.

Subsections 74(6) to (8) will typically be invoked in the case where a foreign applicant, through their local instructing patent counsel, instructs a Canadian patent agent to file a Canadian patent application. It will be the Canadian agent who advises the instructing patent counsel to obtain a certified copy of the previously regularly filed application. The instructing patent counsel will likely place this order with the foreign patent office where the application was filed, receive the certified copy, and then forward it to the Canadian agent. It is not clear when, under subsection 74(8), the applicant or patentee received the certified copy—is it the date on which the instructing counsel

received the copy, or is it the date on which the Canadian agent received it from the instructing counsel?

If the date in subsection 74(8) is the date of receipt by the instructing counsel, the delivery to the Canadian agent may be delayed by any number of factors beyond the applicant's control; packages may be lost, or postal services may strike. If the date is intended to be the date of receipt by the Canadian agent, it is not clear that the proposed *Rules* sustain this interpretation: while section 34 confirms that an act done in respect of a patent or application by a patent agent has the same effect as an act done by the patentee or applicant, the mere receipt by the agent of a copy from a foreign sender may not qualify as "business before the Patent Office".

Subsection 74(8) should be revised to state that the deadline for submission of the certified copy runs from the date of receipt by the party entitled to represent the applicant or patentee before the Office pursuant to section 36 or 37.

Subsections 181(4) and 196(4) should also be revised accordingly.

## 4. EXAMINATION

### **Subsection 84(2): Preserve the right to advanced examination when extensions of time are sought in some circumstances**

Under the current *Patent Rules*, it is generally rare for an applicant to seek an extension of time under subsection 26(1). However, we expect that applicants will make heavier use of extensions of time under proposed subsection 3(1) because the proposed *Rules* impose so many more mandatory, and short, deadlines.

In some cases, applicants will seek extensions of time due to delays beyond their control. Consider, for example, the case where an applicant makes a request for priority at the end of the time prescribed by proposed subsection 73(1), which they are legally entitled to do. While the delay could be due to an oversight by the applicant or their local patent counsel, there are other possible sources for delay; the cause may be a problem in the patent office where the previously regularly filed application was filed that prevented the applicant from obtaining the information required by subsection 28.4(2) of the *Patent Act* until shortly before the deadline for claiming priority in Canada. This delay will prevent the applicant from making use of subsection 78(6) to restore the right of priority, if the certified copy of the previously regularly filed application is delayed; instead, the applicant will have to rely on a general extension of time under subsection 3(1). The consequence is that the applicant will be disqualified from advancing examination of their application, due to paragraph 84(2)(a).

We appreciate that the rationale of 84(2) is to ensure that if the Office expedites examination of an application, that the applicant does their part to avoid delay; but not every applicant delay is equal. In circumstances such as those described above, the delay only impacts an administrative step to perfect a request for priority that was already submitted. The cause of the delay may have been an error by the patent office of the previously regularly filed application, a postal strike, or a lost package. It is unfair to deprive the applicant of the opportunity of accelerated examination. Accordingly, paragraph 84(2)(a) should be revised to exclude extensions of time sought in respect of section 74, and other extensions of time concerning minor administrative steps.

### **Subsection 86(9): Increase the time to submit arguments regarding additional defects**

Subsection 86(9) details the process of the Commissioner's review of a rejected application when additional defects are identified beyond those indicated in a final action. This provision requires the Commissioner to send a notice to the applicant setting a one-month deadline to submit arguments concerning the new defect. This provision is intended to reflect current practice.

While extensions of time are available for this deadline—and without a fee—we suggest that the administrative burden on the Office and applicants would be reduced by increasing this deadline to three months.

We appreciate that by the time an application has reached the Patent Appeal Board, it has likely been pending for several years and a speedy disposition is in the public interest. However, we also realize that it is not unusual for applicants before the Patent Appeal Board to request extensions of time or for hearing dates be rescheduled for various reasons, and those requests are granted.

In those instances where a new defect is identified during review, one month seems insufficient for an applicant's agent to receive the notice, report the notice to the applicant, formulate a recommendation, obtain the applicant's instructions, and respond to the Commissioner accordingly, particularly if the new defect is substantive in nature or may affect the ultimate claim scope. Since a request for an extension of time is likely, both the Office and the applicant could be spared the burden of extension of time correspondence and docketing associated dates by simply increasing the time to respond in subsection 86(9).



## 5. DEADLINE FOR FILING DIVISIONAL APPLICATIONS

### **Section 90: Incorporate applications for leave to appeal to the Supreme Court of Canada**

Section 90 sets out the deadline for filing a divisional application (subject to section 36 of the Act), taking into account the possibility that the applicant may appeal to the Federal Court, Federal Court of Appeal, or Supreme Court of Canada, or discontinue such an appeal. The wording of the rule is quite precise and is intended to be exhaustive.

However, it was noted that the rule does not account for the fact that an applicant must seek leave of the Supreme Court before an appeal can be commenced. Section 90 should be revised to accommodate applications for leave to appeal and the possibility that the application for leave may be discontinued, or dismissed.

## 6. DEADLINE FOR REINSTATEMENT

### **Section 134: Increase the prescribed time for reinstatement in respect of certain types of abandonment**

We are appreciative of the changes from the 2017 draft *Rules* concerning the prescribed time for reinstatement in respect of maintenance fees to ensure that applicants always have the opportunity to seek reinstatement of an application that had been deemed abandoned for non-payment of a maintenance fee and late fee.

However, the elimination of the current completion requirement under section 94 of the current *Patent Rules* raises a new concern that applicants—self-represented applicants, in particular—may not have the opportunity to reinstate an application that is deemed abandoned for a non-substantive, administrative failure while it is in the confidentiality period.

Under the current regime, non-compliant applications—for example, those missing an abstract or claim, a proper petition, or an appointment of agent—must be completed within a generous prescribed period defined by current section 94, or else the Commissioner will requisition completion of the missing requirements within a 3-month period. Similarly, if the required statement concerning the inventor or entitlement is not provided on filing, current section 37 sets a generous prescribed time for supplying the statement. The prescribed time in either case is set such that even if an application is deemed abandoned for lack of response to a requisition, it will always be laid open to public inspection for some time before it will irrevocably lapse.

But in the new regime, these lengthy prescribed times have been eliminated; rather, the notices sent in respect of different deficiencies (e.g., subsection 27(6) of the *Act* and sections 31 and 65 of the *Rules*) will apparently be sent separately, and will carry three-month deadlines. We also

understand that it is the Office's intention that these notices will be sent very quickly after an application is filed, perhaps at about the same time a filing certificate is sent. Thus, if an applicant fails to respond to one of these notices, the application will be deemed abandoned not long after its filing date, and if it is not reinstated, the application will be dead before it is even laid open to public inspection. However, it will still be published.

The result is that the invention will automatically enter the public domain on the laid open date. Due to other disclosures, the applicant may unwittingly lose the entirety of their patent rights by being unable to refile their application to secure patent protection.

While the number of cases where this result would be produced is expected to be small, the effect, when it occurs, is catastrophic and out of proportion with the applicant's error. It is understandable why an applicant should lose their rights if they do not pay maintenance fees or request examination, or if they fail to provide an English or French translation when required; but in the situations described here, the applicant may have simply omitted to provide an abstract, or a statement of the applicant's entitlement.

Furthermore, the situations where this would occur involve the most vulnerable participants in the Canadian patent system: unrepresented inventors. Our members have found that unrepresented inventors are more likely to misunderstand the significance of deadline-setting correspondence, with the result that they only seek qualified legal advice once the deadline has become urgent, or indeed after the deadline has passed. If such an applicant approaches a patent agent for advice during the confidentiality period, the agent is dependent on the applicant to accurately identify deadlines and provide all the relevant Office correspondence. However, such applicants may not have retained all that relevant information; so, at the time of initial consultation, the agent is unable to caution the applicant about imminent deadlines.

While subsection 10(2) of the *Act* permits an application to be available to public inspection earlier than the end of the prescribed confidentiality period, this provision is not helpful. This process does take time; a written authorization must be provided to the Office and processed before public access is granted. Currently, when a request for immediate publication of an application is submitted on filing, the Office requires approximately two months to comply. Access to the application via an authorization under paragraph 16(c) of the proposed *Rules* may be faster, but will still involve delay as the Office must process a written request. Any delay may be fatal to the application. Secondly, it is unlikely that the applicant and the agent would make use of paragraph 16(c) in this manner without the agent being formally retained, because the existence of the written authorization may lead to a misunderstanding by the applicant that the agent has assumed responsibility for the application (a scenario that lawyers refer to as a "phantom client"). To avoid this misunderstanding and to ensure that communications with the applicant are privileged, a prudent agent would decline such an authorization without being properly retained.

Simply put, an invention described in an application should not enter the public domain as soon as the application is laid open, just because the applicant defaulted on a relatively minor requirement.

There are different ways in which this problem can be addressed. One option is to simply extend the deadline for responding to these notices; however the Office may not find this desirable because it will increase overall application pendency. Another option is to deem an application that is not reinstated by the end of a reinstatement period that ends during the confidentiality period to be withdrawn, so as to forestall the opening of the application to public inspection; however this will not work if the end of the reinstatement period ends too late for the Commissioner to stop technical preparations to lay open the application.

A simple solution is to simply rewrite section 134 to ensure that any reinstatement period in respect of these notices that begins during the confidentiality period, always ends after the application is laid open to public inspection:

134 (1) For the purposes of paragraph 73(3)(a) of the Act, in respect of a particular failure to take an action, the prescribed time begins on the day on which the application for a patent is deemed, as a result of that failure, to be abandoned and ends

(a) if an application for a patent is deemed to be abandoned for failure to take an action under section 31 or 65 of these Rules, the later of:

(i) 12 months after that day, and

(ii) the day that is two months after the expiry date of the confidentiality period referred to in subsection 10(2) of the Act, and

(b) in any other case, 12 months after that day.

This would avoid the situation where an invention automatically enters the public domain when it is laid open. The applicant will still have a brief opportunity to obtain legal advice and reinstate the application, even if they are unable to provide all the relevant information to their agent. If the applicant had requested that the application be laid open early under subsection 10(2) of the Act, they will still always have a 12-month reinstatement period.

## 7. THIRD-PARTY RIGHTS

### **Paragraph 129(c): Delete this provision that penalizes a patentee for the Commissioner's error**

Paragraphs 129(a) and (b), which were present in the previous draft *Patent Rules*, create periods of third-party rights during application pendency that were triggered by the applicant's failure to pay a maintenance fee or request examination within six months of the nominal due date for taking those actions. Paragraph 129(c) was inserted in the proposed *Patent Rules* to define yet another

period for the creation of third-party rights where an application is deemed abandoned for a default other than failure to pay a maintenance fee or request examination, and not reinstated within the prescribed 12-month period.

The rationale for the third-party rights periods of paragraphs 129(a) and (b) is clear. The due dates for maintenance fees and requesting examination were known, or ought to have been known, to both the applicant *and to third parties* as soon as the application was filed in Canada (and, in the case of third parties, laid open to public inspection). A third party may thus construe a failure to timely pay a maintenance fee or request examination as a signal that the applicant may not be interested in pursuing the application, and abandonment under paragraph 73(1)(c) or (d) of the amended *Act* as a signal that the applicant intends to let an invention fall into the public domain. Furthermore, a failure to pay a maintenance fee or request examination within the six months set out in paragraphs 129(a) and (b) is a fault that can be attributed to the applicant alone.<sup>1</sup> The third-party rights periods defined in paragraphs 129(a) and (b) thus fulfil two objectives that serve the public interest: they provide comfort to a third party who may start practising the invention disclosed in a patent application based on a reasonable interpretation of the applicant's inaction, and incentivize the applicant to meet these previously-known deadlines so that a final disposition (grant or refusal) is obtained sooner rather than later.

Proposed paragraph 129(c), however, creates third-party rights for periods that are not solely attributable to an applicant's default. None of the third-party rights periods in paragraph 129(c) can possibly exist without an administrative error by the Office compounding any omission by an applicant. A patentee should not be penalized for a circumstance that can only exist due to the Office's own error.

Consider the case where an examiner writes a report containing requisitions under subsections 86(2) and 85(1). Under current Office procedure, which we assume will be continued, an analyst must review the examiner's report to determine what requisitions it contains, and generate separate due dates for responding to the two requisitions. When correspondence is received from the applicant, the analyst must review the contents to determine what action to take. If the correspondence contains a response to a requisition made under subsection 86(2), the analyst must delete the corresponding due date for that requisition. If the correspondence also contains a response to a requisition made under subsection 85(1), the analyst must separately delete the due date for that requisition.

If the due date passes and one of these due dates is not deleted, the application status in TechSource automatically becomes abandoned, and a courtesy notice of abandonment may be sent. Thus, if the

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<sup>1</sup> The Office may err in failing to record a payment or request for examination when it is made. We assume that such an oversight would be rectified once brought to the Office's attention, with the result that the date of payment or request would be properly recorded and any notices issued in error would be withdrawn. In that case, no third-party rights period should be triggered.

applicant fails to respond to a requisition and the Office makes no error, the application is deemed abandoned and no further examination or grant tasks are executed by the Office until the application is properly reinstated; essentially, any further tasks in TechSource are programmatically suspended. Therefore, no patent can issue and no period of third-party rights as defined by paragraph 129(c) will occur.

For a period of third-party rights under paragraph 129(c) to occur, there must be an error committed by the Office:

- The analyst may overlook requisition under subsection 85(1) at the time the notice is sent, with the result that only one due date is created for the report. If the applicant responds to the subsection 86(2) requisition but fails to respond to the subsection 85(1) requisition by the due date, the application is deemed abandoned by operation of paragraph 73(1)(a) of the *Act*. However, this abandonment may be overlooked by the Office because the only recorded due date would have been met.
- The analyst may have properly generated due dates for both requisitions when the report was sent. However, when the applicant's response addresses only one requisition, it is possible that the analyst may inadvertently delete both due dates in TechSource.

In these two examples, the applicant missed answering a requisition; but the Office missed it as well. The consequence of the Office's mistake is an undetected and uncured deemed abandonment and possible creation of a period of third-party rights under paragraph 129(c), since a patent might still issue.

In other words, while one prerequisite of third-party rights under paragraph 129(c) is that applicant must have missed a deadline, it is the Office's own error that determines whether a period of third-party rights will be triggered: if the Office makes no error, no period of third-party rights can possibly occur under this paragraph because an uncured abandonment will result in lapse of the application. Unlike the inaction that results in the start of a prescribed period in paragraphs 129(a) and (b), the triggering event for third party rights under paragraph 129(c) is completely outside the applicant's control.

Moreover, paragraph 129(c) undermines the Commissioner's authority and erodes confidence in the operations of the Office, which is contrary to the public interest. If paragraph 129(c) is asserted in litigation, patent applications will effectively be re-prosecuted in the courts, and Office practices will be made the subject of discovery and argument, as defendants attempt to establish that an uncured abandonment had occurred.

In the case of a missed maintenance fee or request for examination, there is little room for discretion when the Commissioner executes her administrative functions: determining whether or not a fee or request was received is usually a binary decision leaving little room for interpreting facts, with the result that the consequences of a missed deadline essentially follow by operation of law. On the other hand, there is more discretion hidden in other administrative actions. For example,

determining whether an application should be deemed abandoned under paragraph 73(1)(a) of the *Act* involves an exercise of judgment to decide whether an applicant's response was made "in good faith", as required by that paragraph. Under the current regime, if a patent subsequently issues neither third parties nor the courts may second-guess the Commissioner's judgment of the applicant's conduct during prosecution: the Commissioner's grant of a patent constitutes a "final, conclusive and binding" certification that the applicant has complied with the *Act* and *Rules*.<sup>2</sup> However, paragraph 129(c) invites the courts to re-evaluate the significance of an alleged "bad faith" response to a requisition, or question the Commissioner's authority to decide that a submission was sufficiently responsive to a notice. Defendants may also investigate the Office's handling of incoming correspondence to verify that responses were in fact timely filed by the applicant, and not merely recorded as having been timely received by the Office. These inquiries may compromise confidence in the Office's operations.

In short, the uncertainties created by proposed paragraph 129(c) outweigh any benefit to the public. This provision should be deleted.

## 8. TRANSITIONAL RULES

### **Section 188(2): Simplify the rules concerning requests for priority in category 3 applications**

Proposed subsection 188(2) provides that section 74 of the proposed *Rules* will not apply in respect of a request for priority made for a category 3 application before the coming into force date. This exemption appears simple, but there is added complication when an applicant files an application shortly before the coming into force date, but adds a priority claim after the coming into force date.

Consider the case where an application is filed within a couple of months before the coming into force date. At the time of filing the applicant includes a first priority claim, but a few months later—after coming into force—adds a second priority claim to another previously regularly filed application. This second priority claim is timely, but it is now subject to proposed section 74 of the *Rules*, whereas the first priority claim is not.

It would be simpler for applicants and the Office to simply avoid application of section 74 to any category 3 application, regardless of when a request for priority is made. Section 188 of the

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<sup>2</sup> *Procter & Gamble Co. v. Bristol-Myers Co.* (1978), 39 C.P.R. (2d) 145 at 157 (F.C.T.D.), aff'd (1979), 42 C.P.R. (2d) 33 (C.A.); this view of the finality of the Commissioner's decision to grant a patent is reflected in *Merck & Co. v. Apotex Inc.* (2006), 55 C.P.R. (4th) 1 at para 47 (F.C.A.). *Corlac Inc. v. Weatherford Canada Inc.*, 2011 FCA 228 at para 150 observed that it was the role of the Commissioner, and not the courts, to assess good faith.

proposed *Rules* could be simply rewritten to include section 74 in the list of provisions that do not apply currently set out in subsection 188(1), and subsection 188(2) could be deleted.

**Section 228: Make final fee refund rules consistent for all category 3 applications, or permit category 3 applicants to request withdrawal of a notice of allowance**

The proposed *Patent Rules* alter the rules governing refunds of fees paid by applicants. Notably, proposed section 140 omits the provisions for an applicant to request a refund of a final fee set out in current subsection 4(10). This is problematic for applicants of category 3 applications who receive notices of allowance within 6 months of the coming into force date.

Under the current *Rules*, large applications (with more than 100 pages) incur excess page fees, which are incorporated into the final fee calculation. This is particularly problematic for applications containing sequence listings, since sequence listings can easily inflate the page count when they are printed to produce the final patent document. Under the proposed *Rules*, item 13 of the tariff in Schedule 2 will exclude electronic sequence listings from the final fee calculation. This will save some applicants tens of thousands of dollars in fees.

The Office has provided guidance to applicants on how an allowed application now (i.e., a category 3 application under the proposed *Rules*) may be abandoned and reinstated, yet maintained in a manner that permits the applicant to delay the receipt of a new notice of allowance with a recalculated final fee until after the coming into force date. This procedure includes the steps of allowing an application to go abandoned for non-payment of the final fee, requesting reinstatement, and then requesting a refund of the final fee. This procedure can only be used so long as there exists a provision that permits a final fee to be refunded in the circumstances enumerated in current subsection 4(10) of the *Rules*.

However, under the proposed *Rules*, an applicant of a category 3 application who receives a notice of allowance within 6 months of the coming into force date cannot follow this procedure. While the procedure for abandonment and reinstatement under current section 73 of the *Act* will apply, they cannot request a refund of the final fee as described above because the date of deemed abandonment, and consequently the date of reinstatement, will fall after coming into force. On the other hand, if they had received the notice of allowance merely days earlier, they would have been able to follow the procedure described above. Thus, category 3 applicants will be treated differently under the proposed *Rules*, depending on the date of a notice of allowance. This is a discontinuity in the transitional provisions that occurs due to an event outside the applicant's control: the mailing date of a notice of allowance.

This issue could be addressed by adding a transitional provision that permits a category 3 applicant to use the refund provisions of current subsection 4(10) in respect of a final fee due for a notice of allowance sent before the coming into force date. An alternative solution would be to add a

transitional provision to permit an applicant whose notice of allowance is sent within six months of the coming into force to opt into a form of withdrawal of a notice of allowance similar to proposed subsection 86(17).



## FUTURE COLLABORATION

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Again, IPIC appreciates the opportunity to contribute to this important public consultation. We also reiterate our interest and willingness to participate in further consultations and informal discussions concerning the *Rules* and administrative policy as CIPO prepares for coming into force.

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