September 8, 2023
By Email: cipoconsultations-opicconsultations@ised-isde.gc.ca

Canadian Intellectual Property Office / Innovation, Science & Economic Development
Government of Canada

Re: Consultation on Additional Term and Miscellaneous Amendments to the Patent Rules

Thank you for taking the time to consult with stakeholders in respect of regulatory amendments related to additional term (i.e. Patent Term Adjustment (PTA)) and other possible amendments to the Patent Rules.

FICPI

As you are aware, our organization FICPI (the Fédération Internationale des Conseils en Propriété Intellectuelle), comprises more than 5000 intellectual property attorneys in private practice in 86 countries. FICPI Canada is a self-governing national association of FICPI and represents the interests of Canadian patent and trade-mark professionals. Our membership includes senior professionals at most major Canadian intellectual property firms. Our clients span all types and sizes of businesses, including multi-national corporations, small and medium size enterprises, and individuals.

The Consultation

A consultation document, *Consultation Scene Setter - Additional Term and Miscellaneous Amendments to the Patent Rules* (the "Consultation"), was provided via the Canadian Intellectual Property Office (CIPO) Website.

The Consultation has two Sections. As noted in the Consultation, Section 1 relates to regulatory amendments related to the additional term resulting from patent office delays in the granting of patents and Section 2 relates to other possible amendments to the Patent Rules to improve the regulatory framework.

Section 1

Section 1 ends with five questions for discussion:

1. What are your views on the proposed regulatory framework and do you believe there is anything missing?
2. Do you have thoughts on which periods should result in days to be subtracted in the determination of additional term?
3. Do you have views on the requirements for submitting a request for additional term or a reconsideration?
4. What information should be contained in certificates of additional term?
5. What information do you feel is important for CIPO to convey to the public in relation to determinations of additional term?

Our comments below address each of these questions.

1. What are your views on the proposed regulatory framework and do you believe there is anything missing?

FICPI supports the introduction of PTA into Canadian practice as a mechanism to ensure patent owners are not penalized for unreasonable delays in the processing of their patent applications, and appreciates the opportunity to consult on the proposed regulatory framework. However, at a high level, FICPI's view is that the regulatory framework, if implemented as proposed in the Consultation, will not effectively implement this remedial mechanism into Canadian patent practice, while also placing additional burdens on applicants and patent professionals in Canada.

The PTA system is remedial: it is intended to compensate patent owners for unreasonable delays in the processing of their patent applications. Given this remedial purpose, the regulatory framework, as well as associated office practice, should ensure that PTA is readily available to all applicants who have been reasonably diligent in the prosecution of their patent applications, but who nevertheless experience delay in the processing of their patent application.

Recent amendments to the *Patent Act*[1] and *Rules*[2] have significantly increased the administrative burden of prosecuting patent applications in Canada. Both federal and provincial governments have recently invested to support applicants and patentees in accessing IP expertise. Imposing new administrative burdens on IP practitioners drains this pool of expertise of time and resources, which could be better deployed in providing high-value strategic advice to innovative Canadian companies.

Under the new PTA system, a patent applicant will be required to apply for additional term and pay a prescribed fee within three months after the day on which the patent is issued[3]. The Consultation contemplates that "[a]dditional information to be provided by the patentee may also

[1] *Patent Act*, R.S.C., 1985, c. P-4, as amended [*Patent Act*].
[2] *Patent Rules*, SOR/2019-25, as amended [*Patent Rules*].
[3] *An Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023*, 1st Sess, 44th Parl, 2023; *Patent Act*, RSC 1985, c P-4, division 26 [Bill C-47], s. 46.1(1)(c).

include reasons or detailed calculation to support their request for additional term". The Consultation further contemplates that "[t]he amount of the fee required to submit an application for additional term would take into account the costs involved for CIPO to administer the required framework in the Patent Rules and to make the determination in relation to a particular request".

To provide certainty to both applicants/patentees and third parties and to minimize disputes, the PTA calculation should be as straightforward and as certain as possible based on details available in the public record.

The Consultation contemplates a residual discretion on the part of the Commissioner to deduct periods from the PTA calculation:

> In the determination of which days are to be subtracted, the Commissioner may be authorized to consider periods of time not explicitly recited in the Patent Rules and may make determinations on the percentage of days in a particular period that are to be subtracted.

FICPI strongly advocates clear periods of deduction without discretion. It is unfair to impose on a patentee a fee and the contemplated application process when they cannot know with any certainty what periods will be included in the calculation.

Further, the Consultation contemplates allowing "third party observations" to be submitted at the PTA determination stage. The amendment to the *Patent Act* already provides two avenues for third parties to seek to shorten the additional term granted under PTA.[4] It is unclear what contribution third parties could make beyond what is available on the public record and this could render a remedial administrative procedure adversarial, which will presumably increase the cost associated with the PTA determination (and, accordingly, the associated fee). We note that the US system precludes a challenge of PTA at the determination stage.[5]

A clear, simple and definite system is possible - the fee remission system is an example of a system that has clear temporal standards and associated consequences. Providing a residual discretion and involving third parties needlessly complicates what should be a remedial, administrative mechanism.

The *Patent Act* s. 46.1(1) as amended by Bill C-47 requires that the Commissioner shall grant an additional term for a patent if the patent meets the requirements of that section, which include that the patent was issued later than five years from the applicable date, or three years from the date of request for examination (whichever is later). For a non-PCT, non-divisional patent application, the applicable day is the filing date. Under the framework proposed by the Consultation, the applicable day for a divisional application would be the presentation date and the applicable day for a PCT application would be the national phase entry date. If the national phase entry date is adopted as the applicable date for international patent applications, FICPI would encourage careful consideration of the excluded periods to ensure that there is equitable treatment as between

[4] Reconsideration by the Commissioner and an action in the Federal Court, Bill C-47, *Ibid.* ss. 46.3(1), 46.3(4), 46.4(1).
[5] 35 U.S.C. 154(b)(4)(B).

applications that are filed directly in Canada and via the PCT route, i.e. that equally diligent applicants become entitled to PTA at the same stage and that the same or equivalent deduction periods are applied to the two applications. This would ensure that applicants with global ambitions are treated equitably and would reduce the burden on the profession in having communicate to applicants the effect of proceeding via different filing strategies.

2. Do you have thoughts on which periods should result in days to be subtracted in the determination of additional term?

As a preliminary point, we support the Consultation proposal that in the calculation of days to be subtracted from a PTA calculation, "that overlapping days, i.e. those that occur in more than one period of time, would be counted only once." This is administratively simple and consistent with the remedial objective of the PTA system.

The Consultation provides examples of actions and periods of time that may lead to days being subtracted from the PTA term. These proposed deductions from PTA term are more extensive than what is provided under the US PTA framework, and may be so extensive as to render the PTA system unavailable to most patentees.

Article 20.44(4) of the Canada-United States-Mexico Agreement (CUSMA)[6] provides for what CIPO may exclude from the determination of unreasonable delay:

> 4. For the purposes of this Article, an unreasonable delay at least shall include a delay in the issuance of a patent of more than five years from the date of filing of the application in the territory of the Party, or three years after a request for examination of the application has been made, whichever is later. A Party may exclude, from the determination of those delays, periods of time that do not occur during the processing of, or the examination of, the patent application by the granting authority; periods of time that are not directly attributable to the granting authority; as well as periods of time that are attributable to the patent applicant.

Footnotes to this article further clarify expressions used therein:

> For the purposes of this paragraph, a Party may interpret processing to mean initial administrative processing and administrative processing at the time of grant.
>
> A Party may treat delays "that are not directly attributable to the granting authority" as delays that are outside the direction or control of the granting authority.

In keeping with the remedial nature of PTA, FICPI believes that the permitted exclusion periods should be interpreted conservatively.

The body of the Consultation identifies 10 "example" actions and periods of time that may lead to days being subtracted in the determination of additional term. An ANNEX, "Examples of periods

[6] *Canada-United States-Mexico Agreement*, 30 November 2018, Can TS 2020 No 5, art 20.44 [CUSMA].

of time containing days that may be subtracted", identifies 23 different periods of time that may be deducted from the PTA calculation.

In FICPI's view these proposed periods of exclusion include periods that are:

- within the processing or examination of the patent application;
- are directly attributable to the granting authority; and
- are not attributable to the patent applicant.

In other words, the proposed regulatory framework would exclude periods not excludable under CUSMA Article 20.44(4).

Further, the proposed regulatory framework proposes to exclude time periods, which, "while not directly attributable to the granting authority" are clearly unfair and at odds with the remedial intent of the PTA system. In keeping with the rationale for PTA, patentees should not be penalized in calculating PTA for delays outside of their control.

Finally, the proposed periods of exclusions, appears to have been generated with a goal of maximizing possible periods of exclusion and, as a result, includes items that (anecdotally) are rare, highly unlikely to have an impact on the time to grant of an application, and/or are not technology neutral. (We discuss some of these exclusions under "Other comments on periods of exclusion".)

a) Proposed periods of exclusion not authorized by CUSMA

Applicants must be provided with some reasonable period in which to respond to CIPO notices.

The Consultation Annex provides the following example of days that may be subtracted:

> 1. Period of time to respond to notices that must be responded to:
> a. If the Commissioner or the examiner sends a notice requiring the applicant to take an action within a prescribed period, (e.g. respond to an office action) the period of time it takes for the applicant to respond to the notice may be deducted.
>
> and
>
> 4. Periods of time based on actions taken by the applicant: Days in relation to certain actions taken by the applicant may be deducted. For example:
> …
> d. Time to make a voluntary amendment after examiner interview where the amendment was agreed to;

To comply with CUSMA, applicants **must** be provided with some reasonable period in which to respond to CIPO notices in order to comply with CUSMA. An Examiner's Requisition is issued within the examination of the application, the period available for reply is under the direction and

control of the granting authority and an initial response period is not a delay attributable to the applicant. Clearly, an applicant cannot respond to a notice before it is received or before they have an opportunity to review and formulate a reply.

Further, excluding all time periods for reply imposes considerable new burdens and risks on the patent profession in Canada. Agents must have time to review Examiner's Requisitions and report them to their clients. If PTA deductions begin immediately, what is a reasonable period in which to perform this activity? What are the potential repercussions for agents if Requisitions are not reported on the day of receipt? The proposed regulatory framework presented in the Consultation would impose needless hardship and risk on the patent profession in Canada, which is easily remediated by providing some reasonable period for replying to CIPO notices before deductions are made from PTA.

We note that under the US PTA framework, if an applicant "failed to engage in reasonable efforts to conclude prosecution of the application," the days attributed to the applicant's delays will be subtracted from the PTA calculation.[7] The circumstances that are considered to be applicant delays are enumerated by statute and USPTO legislation; among these applicant delays are: Applicant takes longer than 3 months to respond to a USPTO notice or action.[8] We note that this 3 months corresponds to the standard period of reply provided without extensions in a substantive US Office Action. FICPI believes that for the sake of certainty and simplicity, time should only be deducted based on use of the available extension period for responding to a Canadian Examiner's Requisition (i.e. only time taken for response after expiry of the standard four month response period should be deducted). Alternatively, at least a corresponding period should be provided to Canadian applicants as is provided to US applicants i.e. at least three months should be permitted for reply in Canada before periods are deducted from the PTA calculation.

While technically the period identified under Annex 4.d is not a notice from the Commissioner, the voluntary amendment is requested by an examiner (on behalf of the Commissioner) to expedite examination and a very short period of 3 weeks is provided for reply. If this time will be deducted, it could make more sense for an agent to decline or avoid examiner interviews, thereby forcing an examiner to generate a formal report, which will take a certain period of time which could be added to the PTA calculation and then reply forthwith once the report is received. Agents should not be required to make this assessment when accepting examiner calls. Examiner-initiated voluntary amendments are an effective cooperative mechanism to bring examination to an early conclusion, excluding this short period of reply from a PTA calculation is counterproductive and unfair.

Time periods associated with successful appeals and judicial review applications should not be excluded.

The Consultation Annex provides that:

5. Other periods of time that may be deducted: Days may be deducted in relation to:
…

[7] *Supra* note 5, § 154(b)(2)(C).
[8] 37 CFR § 1.704(b).

c. Appeals to the courts after refusal of a patent application; and,
d. Judicial review of a decision taken by the Commissioner.

The grant of a patent following an appeal to the courts after a refusal of a patent application evidences that the Commissioner made an error in refusing the application for patent (which the Commissioner is only permitted to do when satisfied that an applicant is not *by law* entitled to a patent).[9] Similarly, judicial review of decisions taken by the Commissioner will typically involve the legality or fairness of decisions made by the Commissioner in the processing of a patent application. Again, if the patent has proceeded to grant in such circumstances, the Commissioner generally will have been incorrect in taking the step that led to the judicial review application and the delay is attributable to the Commissioner and not the applicant.

These steps are an unavoidable part of the processing or examination of the applications due to Commissioner error. Thus, on a fair reading consistent with its remedial objective, these periods are not excludable under CUSMA Article 20.44(4):

- These periods fall within the processing or examination of the patent application.
- These delays are directly attributable to the granting authority: the Commissioner has made an error with respect to law or procedure, which it is within their power to remedy thereby avoiding further delay.
- They are not attributable to the patent applicant.

Accordingly, time periods associated with successful appeals and judicial review applications should not be excluded from PTA calculation.

We note that US PTA framework specifically includes in the PTA calculation delays associated with "successful appellate review where the patent was issued under a decision in the review reversing an adverse determination of patentability."[10]

b) Proposed periods of exclusion inconsistent with the remedial nature of PTA and unfair to patentees.

The actions of third parties should not precipitate exclusion periods.

The Consultation Annex provides:

> 2. Periods of time to respond to notices where a reply is not necessarily required: Time may be deducted pending a reply from the applicant, or if a reply is not received, the end of the period to reply specified in the notice. For example:
>
> a. Communications received from an unauthorized person (e.g. someone who is not the agent or the common representative);

It seems particularly unfair, and contrary to the principle of compensating the patentee for unreasonable delays, that PTA term could be deducted due to third party actions.

[9] *Patent Act*, *supra* note 1, s. 40.
[10] *Supra* note 5, § 154(b)(1)(C).

Filing a Request for Continued Examination should not result in all subsequent periods being deducted from the PTA calculation.

The Consultation provides:

> Some examples of actions and periods of time that may lead to days being subtracted in the determination of additional term include:
>
> ix. The number of days required to complete examination following a request for continued examination and for applications filed prior to October 3, 2022, following a 3rd examiner report;

The US Patent Statute 35 U.S.C. § 154(b) provides three statutory "guarantees" to a patent applicant to compensate for three types of delays (known as "A delays," "B delays," and "C delays"), respectively. Overlaps between A delays, B delays, and C delays will be excluded from PTA calculation. The US also has an RCE practice and "any time consumed by continued examination of the application requested by the applicant" (*e.g.*, an RCE) is excluded from a B delay, however, this does not preclude PTA accumulating under other grounds. Further, in the US, Final Actions are routinely issued as the second or third examination report, and applicants in the US can choose to initiate an appeal or continue examination by filing an RCE. By contrast, in Canada, Final Actions are rarely issued at or before a third action and CIPO refers the case to the Patent Appeal Board i.e. the applicant cannot precipitate this referral to conclude examination.

c) Other comments on periods of exclusion

The Consultation Annex provides:

> 3. Periods of time to take certain actions that are expected to be taken without CIPO notifying the applicant: The time it takes for the applicant to the action may be deducted. For example:
> …
> d. The time to make a request for priority after the filing date;
> e. The time to comply with priority document requirements;
> f. Time to submit a translation of the patent application when it's submitted in a language other than English and French; and,
> g. Time to submit a compliant sequence listing after the filing date

These submissions are only relevant to examination of an application and, without generally conceding that it is appropriate to deduct these periods, they would only contribute to delay if performed after an exam request is submitted and they should be limited accordingly. We also query whether an assessment was made of how frequently requests for priority or patent application translations are submitted after filing and whether there is any evidence that such applications have longer patent pendency.

Further, the sequence listing requirement is not technology neutral. It is not uncommon for an examiner to identify at the examination stage that a sequence listing has defects. While the proposal is not specific in this regard, it would be highly prejudicial and reflect an inequitable treatment of applicants in different technology areas to deduct all time before a compliant sequence listing was received. At most, time between a requisition from CIPO for a compliant sequence listing and applicant's reply (with some reasonable period provided for response) should be deducted.

3. Do you have views on the requirements for submitting a request for additional term or a reconsideration?

FICPI reiterates that the PTA calculation should be as straightforward and as certain as possible based on details available in the public record. CIPO has the information available to it to readily perform the PTA calculation and automatically providing a calculation avoids imposing a new administrative burden on patentees and their representatives (in this regard, we emphasize that PTA is a remedial mechanism). Ideally, CIPO would provide an initial calculation of term to reduce the administrative burden on applicants/patentees and FICPI notes that there is nothing in the amendments to the *Patent Act* that would preclude CIPO from providing this helpful information to applicants/patentees.[11] This would also be consistent with the approach taken by the USPTO. If CIPO implemented a straightforward PTA calculation system, which FICPI endorses, this function would be amendable to automation.

With respect to reconsideration, we support the proposal in the Consultation that information that must be submitted with a request for reconsideration include "a detailed explanation of any alleged error(s) in the previous determination or previous reconsideration of additional term" to avoid the possibility of spurious requests that could place an unnecessary administrative burden on patentees and CIPO.

4. What information should be contained in certificates of additional term?

The Consultation proposes the following information may be included in the certificate of additional term:

> The information contained in a certificate of additional term may include the patent number, the filing date of the application the name of the patentee, and the duration of the additional term.

This information seems to be sufficient to provide adequate notice to the public. We would encourage the Commissioner to adopt a system whereby patent term is readily apparent to the public, including a member of the public who may be accessing a copy of the Canadian patent grant from a source other than the CIPO Website. In particular, having the certificate appended to the official (now e-version) of the patent would be helpful.

5. What information do you feel is important for CIPO to convey to the public in relation to determinations of additional term?

[11] Bill C-47, *supra* note 3.

As discussed above under question 1, FICPI does not advocate for considering the views of third parties at the determination stage. The issuance of a certificate of additional term, available on the public record (i.e. the CIPO Website) and a notation in the Canadian Patent Record (CPOR) would seem to be sufficient information to convey to the public regarding a PTA calculation. We also assume that CIPO will update the Manual of Patent Office Practice to address the PTA determination and reconsideration requirements and procedures.

Section 2

Section 2 proposes three regulatory amendments to improve the patent system: deferred examination, suspension of examination and priority request and request for early open to public inspection on same day.

Section 2 ends with three questions for discussion:

1. What are your thoughts about the possible regulatory amendments discussed?
2. What other changes might you propose to improve the existing regulatory framework including streamlining examination and lightening administrative burdens?
3. How often do you expect applicants would request an extension of time to the deferred examination period and under which circumstances? What would be the positive and negative impacts on you if the Government permitted extensions of time to the deferred examination period?

Our comments below address each of these questions.

1. What are your thoughts about the possible regulatory amendments discussed?

a) Deferred Examination

The Consultation provides:

> Research has shown that applications with a later request for examination tend to achieve a state of compliance sooner. ISED is studying the issue and exploring the possibility to permit applicants to request an extension of time to the deferred examination period. Such a change could help to conserve resources for both patent applicants and CIPO, make it easier for applicants to align rights in Canada with those that might be obtained in other jurisdictions, and could increase the possibility of leveraging the earlier search and examination work of other offices.

It does seem somewhat contradictory that the Consultation proposes a mechanism to encourage delay in patent pendency, while proposing a framework that will largely avoid compensating patentees for delay. Nevertheless, FICPI generally supports mechanisms that increase flexibility for patent applicants.

b) Suspension of Examination

Our view is that suspending examination where a maintenance fee has not been paid is a reasonable initiative to conserve CIPO resources.

c) Priority requests and request for early open to public inspection on same day

We support the proposal to permit applicants to submit a request for priority on the same day that they submit their approval for the application to be opened to public inspection before the expiry of the confidentiality period, which would seem to be more efficient for both applicants and CIPO.

2. What other changes might you propose to improve the existing regulatory framework including streamlining examination and lightening administrative burdens?

Patent Rule s. 57(1) (incorporation by reference) could be repealed or modified.

Regulatory changes could be made to reduce double patenting risks (e.g. a terminal disclaimer practice). Prosecution strategy in Canada, including strategies associated with delay, can be driven by the unique double patenting risks presented by the Canadian patent system. FICPI would welcome the opportunity to consult further on opportunities to mitigate these risks.

3. How often do you expect applicants would request an extension of time to the deferred examination period and under which circumstances? What would be the positive and negative impacts on you if the Government permitted extensions of time to the deferred examination period?

The frequency with which examination was deferred would likely be highly dependent on any implementation details, including cost and whether deferred examination would limit amendment options or otherwise impose constraints on examination.

FICPI generally supports initiatives to increase flexibility for patent applicants. We also assume the impact on third parties would be minimal in that we do not understand the proposed amendment to preclude third parties from requesting examination.

Closing

We would welcome the opportunity to consult further on the proposed regulatory amendments as well as any associated guidance documents. We thank you again for the opportunity to participate in the consultation process and for considering these remarks.

Please do not hesitate to contact us should you have any questions.

FICPI Canada
Per:

Digitally signed by: Louis-Pierre Gravelle
Date: 2023.09.08 14:35:05 -04'00'

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Louis-Pierre Gravelle
President
president@ficpi.ca