

Goodmans^{LLP} Update

Canada's Proposed New Patent Rules - Part 2

Proposed changes to Canada's Patent Rules are expected to come into force in the fall of 2019. The changes will be enacted by replacing the existing Patent Rules with a new set of rules (the "New Rules"). The provisions and precise wording of the proposed New Rules remain subject to change for the next several months.

The New Rules are intended to: (1) accord with amendments made to the Patent Act to allow Canada's ratification of the *Patent Law Treaty* (PLT), and (2) modernize and codify aspects of Canada's patent regime. Many of the New Rules have already been incorporated in practice notes issued by the Canadian Intellectual Property Office (CIPO). For an outline of the more significant proposed changes found in the New Rules, see our December 10, 2018 Update, [Significant Changes to the Patent Rules Coming to Canada in 2019](#).

The first of two articles focused on the filing of patent applications, including regular applications, Patent Cooperation Treaty (PCT) applications, claims to priority, and divisional applications.

In this second article, we elaborate on the proposed changes related to examination and amendments to applications, abandonment and reinstatement, and payment of fees.

Examination and Amendments

The New Rules will streamline patent prosecution and reduce pendency to bring greater certainty to applicants and also to the public. Certain time limits within the examination process will be shortened with a view to speeding up prosecution of applications. Among the proposed changes are: (1) reducing the time limit to request examination from five years to four years; (2) reducing the time limit for responding to an examiner's report from six months to four months for all applications; and (3) reducing the time limits for an applicant to respond to a rejection notice or a notice of allowance from six months to four months.

As we reported in our first article, an application may now be filed in a language other than English or French. If this occurs, the application cannot be amended by the applicant before translation of the application into English or French is provided. Any amendment made to the specification or drawings of an application must continue to be made by submitting new pages, replacing the pages being amended. The New Rules specifically require that the applicant explain the purpose of the amendment and identify the differences between the new pages and the replaced pages.

Additionally, the New Rules will streamline the process for filing an amendment after allowance. The current process is cumbersome, requiring the applicant to let the application go abandoned by failing to pay the final fee within six months, and then reinstating the application and filing an amendment at the same time. The New Rules will allow applicants to request that a notice of allowance be withdrawn, after which the application will return to examination and further amendments can be made. Such a streamlined process will provide greater flexibility for applicants to make a broader range of amendments in a timely fashion and preserve any rights that could potentially be lost through abandonment.

Abandonment and Reinstatement

A significant issue with the current Patent Rules is that an application can inadvertently be deemed abandoned without the applicant realizing that has occurred. In several instances, applicants lost all rights because they only realized their applications were abandoned after the one-year reinstatement period expired (by this time, it was too late to reinstate the application). Changes will be introduced in the New Rules to provide safeguards for applicants so the inadvertent loss of rights does not occur. These safeguards are required by the PLT. For

example, one such safeguard is that CIPO must notify applicants that a deadline (*e.g.*, to pay a maintenance fee or to request examination) has been missed and that the application will become abandoned. The notice provides applicants with a two-month grace period within which they may comply with deficiencies before the application becomes abandoned.

There are several other instances where an application may become abandoned. They include: (1) failing to file a translation of the application into English or French after receiving a notice to do so; (2) failing to appoint an agent when requisitioned to do so; (3) failing to respond to an examiner's requisition within four months (although this deadline is extendible by an additional two months); and (4) failing to pay a final fee within four months. Under the New Rules, notice and/or additional time to comply must be provided before an application is deemed abandoned.

If an application is deemed abandoned, it can be reinstated within 12 months of the abandonment date by filing a request for reinstatement, paying the reinstatement fee and taking the action that should have been taken originally. However, in the case of the failure to pay a maintenance fee, the New Rules introduce a notice-and-late-fee regime that makes tracking deadlines more complex. In this new regime, CIPO must issue a notice requiring the applicant to pay any missed maintenance fee within the later of two months from the date of the notice or six months from the original deadline. If this deadline for late payment is also missed, the application is considered abandoned, in which case the applicant will have 12 months to reinstate the application by demonstrating "due care". "Due care" means that the applicant must provide reasons why it failed to pay the maintenance fee, but it is unclear at this point what circumstances CIPO will consider acceptable to meet the "due care" threshold.

Where an application is abandoned for failure to request examination by the four-year anniversary, the application can be reinstated as of right within six months from the deadline. After this initial six-month period and before 12 months, the applicant must also demonstrate it exercised "due care" before the application can be reinstated.

Moreover, it is important to bear in mind that third party rights may accrue during the time an application is considered abandoned before it is ultimately reinstated.

Payment of Fees

Under the New Rules, the current regime allowing applicants who qualify as a "small entity" to be allowed to pay many fees at a lower rate will remain in place. The New Rules will, however, introduce certain changes to how and when fees are to be paid for certain steps in the application process, and for maintaining an issued patent. As discussed above, one such change is the introduction of the notice-and-late-fee regime in respect of the late payment of maintenance fees for applications and for requesting examination.

Once a patent is granted, annual maintenance fees will continue to be payable to maintain the patent in force. However, the New Rules will change as to when the patent is deemed to have expired following the failure to pay a maintenance fee. The new notice-and-late-fee regime discussed above will also apply to granted patents. The patentee will be notified by CIPO of any missed deadline to pay a maintenance fee on a granted patent, and will be given an additional grace period to pay the maintenance fee. If the maintenance fee and late fee are not paid within this grace period, the patent will be retroactively deemed to have expired as of the missed original deadline. However, all is still not lost because the New Rules will allow the patentee to revive the expired patent within 12 months of the end of the grace period upon a showing of "due care".

Although the notice-and-late-fee regime introduced by the New Rules will provide some comfort to applicants and patentees since their applications and patents will no longer become abandoned or expired unintentionally, the regime will create some uncertainty for the public. The new regime will provide at least 18-months (minimum six months' grace period and 12 months "due care" reinstatement period) within which to potentially revive the application or patent.

Another change introduced in the New Rules is that the grant of a patent will no longer be delayed solely because of an unpaid maintenance fee before the patent is granted. Rather, the patent will issue in due course after a final fee is paid, and any unpaid maintenance fees that were due in the interim will be collected after the patent is granted. These changes are intended to help streamline the patent granting process.

Conclusion

Although, on the whole, the New Rules will not fundamentally change the patent application regime in Canada, they introduce certain changes intended to modernize and align Canada's regime with the PLT. It will be interesting to follow how the notice-and-late-fee regime plays out, in particular, what CIPO will consider "due care", and how the third party rights are construed.

Do not hesitate to contact members of the [Goodmans IP team](#) with any questions about the proposed New Rules.

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