

Goodmans^{LLP} Update

Canada's New Patent Regime In Effect October 30, 2019

Canada's patent regime will change on October 30, 2019, when aspects of the Patent Law Treaty (PLT) will be implemented. As part of the implementation, the current Patent Rules will be repealed in their entirety and replaced with new Patent Rules. Consequential amendments to the *Patent Act* will also come into force.

Canada formally ratified the PLT on July 30, 2019 and is implementing these changes to modernize its patent regime. The goal is to harmonize and streamline formal procedures in respect of national and regional patent applications and patents, making these procedures more user-friendly. The new Patent Rules are also intended to codify aspects of Canada's current patent practice, many of which have been incorporated in practice notes issued by the Canadian Intellectual Property Office (CIPO). The following is a summary of some of the more important changes that will come into effect.

Filing Requirements for non-Patent Cooperation Treaty (PCT) Applications

One of the aims of the new Patent Rules is to make it easier to obtain a filing date in Canada, which is especially important since Canada has a "first to file" system. This change will align Canada's patent regime with the PLT by simplifying the overall filing procedure for non-PCT applications and reducing the administrative burden on applicants.

For any non-PCT patent application filed after October 30, 2019, a filing date will be accorded when CIPO receives:

- 1) an indication that a Canadian patent is sought;
- 2) the applicant's contact information; and
- 3) a document in any language that appears to describe the invention (*i.e.*, a patent specification).

This is a significant change from the current Patent Rules, which require that the patent specification be in English or French (a potential significant burden for foreign applicants who are required to obtain a translation before filing in Canada). Notably, the specification will not need to contain any claims, and neither a Petition nor the application filing fee will be required at the time of filing. Of course, these will have to be provided later, but a filing date will have been accorded in the meantime.

If the originally filed patent specification is not entirely in English or French, the applicant will be required to file a translation within two months after the date CIPO issues a notice or the application will be deemed never to have been filed. Importantly, this deadline is not extendible. Therefore, the applicant must be diligent in ensuring a translation of the originally filed specification is prepared promptly. The translated specification will replace the originally filed specification. However, any subsequent amendment made to the specification, including to the claims, must be reasonably inferred from "both" the original specification and the translation. Therefore, it will also be important for applicants to ensure that a correct and accurate translation of the original specification is filed.

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The PLT also requires safeguards for applicants in cases where parts of the specification may be missing at the time the application is filed. The *Patent Act* will be amended to allow an applicant to add any such missing portions, either by their own initiative or when notified by CIPO, within a short time period after the application is submitted. The filing date accorded the application will then be the date when the missing portions are filed, unless the application claims priority and the missing portions are completely disclosed in the priority application, in which case the filing date will be the date when the original application was submitted.

Finally, changes to the Patent Act will allow applicants to file an application “by reference”. This is especially useful in cases of emergency. An applicant can simply file a statement referencing a previously filed application in Canada or elsewhere that contains the same information instead of filing a complete specification. CIPO will allow the date of submitting the statement to be the filing date of the application if the applicant then timely complies with other requirements, such as filing a copy of the previously filed application and a translation if required.

Entering the National Phase from PCT Applications

The simplified filing requirements for non-PCT applications described above will not apply to PCT national phase applications. In particular, an applicant will continue to have to file an English or French translation and pay the filing fee at the time of national entry.

There is, however, one important change made by the new Patent Rules in respect of when national entry must be made. The current Patent Rules allow an applicant to enter the national phase in Canada as of right up to 42 months from the first priority date by simply paying a small late fee if the entry is made after 30 months. The new Patent Rules will still allow entry up to 42 months after the priority date, but not as of right. Rather, if entry is made late, the applicant will have to not only pay a reinstatement fee, but must also submit a statement that the failure to enter the national phase by the 30-month deadline was “unintentional”. It is unclear at the moment what constitutes an unintentional failure to meet the 30-month deadline, but it is expected that simply changing one’s mind after the deadline has passed may not be considered “unintentional”.

This new patent regime will apply to all PCT applications having a PCT filing date on or after October 30, 2019.

Claiming Priority

The new Patent Rules will allow applicants an opportunity to restore the priority right in certain limited circumstances. Under the current Patent Rules, an application must be filed in Canada within 12 months of the filing date of a priority application in order to claim priority. The new Patent Rules will provide the applicant with an extra two months to restore the right to claim priority. This right of restoration will allow the application to be filed within 14 months of the priority application. However, the applicant will have to file a statement that the failure to meet the 12-month deadline was “unintentional”. Again, there is no indication as to what circumstances will be accepted as “unintentional”.

Certified Copies of Priority Applications

Another important change relates to filing certified copies of priority applications. Current practice is that certified copies need not be filed unless specifically requested by CIPO. The new Patent Rules will require that certified copies of all priority applications must be filed within the later of four months of the filing date or 16 months from the priority date. Alternatively, access to the priority applications may be provided via a digital library (although details of how this will be implemented are not available yet). If the certified copies are not filed within the later of 16 months from the earliest priority date and 4 months from the filing date, CIPO will send the applicant a notice that the certified copy must be filed within two months of the notice date, failing which the request for priority will be deemed withdrawn.

For PCT national phase applications, certified copies of the priority applications need not be filed if they were already filed during the international phase. If not, then certified copies will have to be filed at the time of national phase entry in Canada.

Translations of the priority application need not be filed unless expressly requested by an examiner, likely where there is some debate as to the claim date under section 28.1 of the *Patent Act* (that is, whether the subject matter defined by a claim was disclosed in the priority application).

Compliant Patent Applications

The new Patent Rules will not materially alter the requirements for completing an application after it has been filed. A compliant application will include:

- 1) a petition requesting the grant of a patent;
- 2) a statement of entitlement;
- 3) names and addresses of the inventors;
- 4) an abstract;
- 5) a specification that includes at least one claim; and
- 6) a sequence listing (if applicable).

Although the requirement to file a petition remains, the new Patent Rules eliminate the currently prescribed form for petitions. Instead, the new Patent Rules require that the petition must only contain three things: a request for the grant of a patent, the title of the invention, and the name and address of the applicant. Other information that is currently part of the petition will still be required, however, it may be included in a different document (or it can continue to be included in the Petition if desired). For example, the application must still include the full names and addresses of all inventors, a “statement of entitlement” that either the applicant is the inventor or that the applicant is entitled to apply for the patent, and the appointment of an agent (if applicable). This information can continue to be included in the Petition, or it can be included elsewhere in the application.

The new Patent Rules provide a time limit of three months (after CIPO sends a notice) to ensure the application is compliant where it is deficient in some respect. Under the *Patent Act*, if the required parts of the application have not been submitted within this time limit, the application will be deemed abandoned, albeit with a possibility of reinstatement.

Divisional Applications

The new Patent Rules attempt to codify the current procedures used by CIPO when handling divisional applications, but with some new twists. For example, although a properly filed divisional application will continue to be accorded the same filing date as the parent application, a divisional application will also be accorded a “presentation date” when the following is received by CIPO:

- 1) a petition stating the application is a divisional application, and providing details of the parent application;
- 2) an indication the applicant was also an applicant of the parent application;
- 3) a specification with at least one claim; and
- 4) the specification is in English or French.

The “presentation date” is used to calculate a few important dates, such as the date when examination must be requested (the later of 4 years from the filing date or 3 months from the presentation date). As well, all maintenance fees payable up to the “presentation date” would be due at the time the divisional application is filed.

The new Patent Rules also provide that most actions taken on the parent application, such as making a claim for priority and filing translations, will apply to the divisional application when it is filed. However, once the divisional application is filed, actions will need to be taken on the parent and divisional applications separately.

Examination and Amendments

A goal of the new Patent Rules is to streamline patent prosecution and reduce pendency of patent applications. Certain time limits within the examination process are shortened with a view to speeding up prosecution of applications. Among the changes are:

- 1) reducing the time limit to request examination from five years to four years from the filing date;
- 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 noted above, the new Patent Rules allow an application to be filed in a language other than English or French. If this occurs, the application cannot be amended by the applicant before a translation of the specification 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 Patent 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 Patent Rules 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 Patent Rules allow the applicant to request 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).

The new Patent Rules now 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 gives applicants a two-month grace period within which they may comply before the application becomes abandoned. A small late fee of \$150 is payable if the applicant complies within this two-month period.

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 Patent 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 Patent Rules introduce a notice-and-late-fee regime that makes tracking deadlines more complex. In this new regime, CIPO must send 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 then 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 within four years of the filing date, 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.

Payment of Fees

Under the new Patent Rules, the current regime, which allows applicants that qualify as a “small entity” to pay many fees at a lower rate, will remain in place. The new Patent Rules also 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 Patent Rules change the date 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 in that the patentee will be notified by CIPO of any missed maintenance fee payment, and will be given a grace period of the later of 2 months from the notice date and 6 months from the original deadline to pay the maintenance fee and a small late fee (\$150). If the maintenance and late fees are not paid by the end of the grace period, the patent will be retroactively deemed to have expired as of the missed original deadline. However, the patentee can revive the expired patent within 12 months of the end of the grace period upon a showing of “due care”.

In addition, 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.

Correction of Applications and Patents

Section 8 of the *Patent Act* currently permits corrections of a clerical nature to be made at any time upon the request of the patentee. Section 8 will be repealed and replaced with a more limited opportunity to correct issued patents. The new Patent Rules provide among the following instances for correcting errors in pending applications:

- 1) Errors in the identity or name of an inventor or applicant. Specifically, clerical errors in the name of an inventor or an applicant must be corrected before the date the final fee is paid; errors in the identity of the applicant must be corrected before the day the application is open to public inspection or the day a request to record a transfer of ownership of an application is made; and errors in the identity of an inventor must be corrected before the day on which a notice of allowance is sent.
- 2) Errors in the filing date, name of the country or intellectual property office of the priority application.
- 3) Obvious errors in the specification or drawings. The corrections must be made before the date the final fee is paid.

For an issued patent, the following types of errors may be corrected, but the patentee must make the request within 12 months from the date the patent is issued:

- 1) An obvious error that was made by CIPPO in the patent, or in the specification and drawings.
- 2) Errors in the name of the patentee or inventor.
- 3) Obvious errors in the specification or drawings.

Third Party Rights

The safeguards discussed above, such as the notice-and-late-fee regime introduced by the new Patent Rules will provide some comfort to applicants and patentees since their applications and patents will no longer become abandoned or expired unintentionally. However, these safeguards will create some uncertainty for the public by lengthening periods while the status of an application or patent and the intentions of the applicant/patentee are unclear. To address the possibility that third parties may take certain actions in good faith to use or prepare to use the invention during this period of uncertainty, new provisions have been introduced to afford limited rights to such third parties. The general framework for these third-party rights is set out in new subsections 55.11(1) to (4) of the *Patent Act*, which create exemptions for acts that would otherwise be an infringement committed during the reinstatement period for an abandonment application and during the 12-month “revival” period for a patent that has expired for failing to pay a maintenance fee.

Conclusion

Although, on the whole, the new patent regime introduced on October 30, 2019 will not fundamentally change the patent application process in Canada, certain significant changes will be made to modernize and align Canada’s regime with the PLT. The hope is that the new regime will further the Government’s goal of encouraging innovation in Canada.