Canadian Patents: What to Keep in Mind One Year After the Coming into Force of the New Rules?

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The first anniversary of the entry into force of the new Canadian *Patent Rules*, which significantly changed certain practices surrounding the filing and prosecution of patent applications in Canada, is an opportunity to look back at the major changes that have had a significant impact on Canadian patent practice. Indeed, the past year has allowed us to observe the changes, which in certain aspects seem to be confusing for patent applicants, and to observe their effect in practical terms. We discuss below the scope of some of the legislative amendments that came into force on October 30, 2019, to clarify such issues and assist patent applicants in Canada.

Things are moving faster

Under the new *Rules*, the time limit for filing a request for examination has been reduced from 5 years to 4 years, and the time limit for responding to an examination report is now 4 months instead of 6 months, thus shortening the process of obtaining a patent in Canada. Although there are mechanisms to extend these time limits by a few months, they result in additional costs to patent applicants and may also jeopardize priority examination procedures under paragraph 84(1)(a) of the *Patent Rules*. As a result, we have noted a generally accelerated pace of examination over the past year.

Time is running out for "latecomers"

Canada was for a long time one of the only jurisdictions where it was possible to defer entry into the national phase until the 42nd month after the priority date as a matter of right by simply paying a late filing surcharge. However, under the new *Rules*, PCT applications will only be eligible for so-called

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“late” national phase entry if the failure to meet the initial 30-month deadline occurred despite "due care" (a suitable explanation will be required to demonstrate such a showing of due care). It is important to note that PCT applications with an international filing date (not a national phase entry date) prior to October 30, 2019 are subject to the old *Rules* in this respect, and therefore ”late” national phase entry in Canada between the 30th and 42nd month following the priority date is still possible for such PCT applications by paying the surcharge, without justification.

Patent applicants would be advised to identify their pending PCT patent applications that are still eligible for “late” national phase entry under the old *Rules*, and file in Canada before the 42nd month expires in those cases where protection in Canada is desired.

Stricter deadlines for examination requests and maintenance fees – be careful

Under the old *Rules*, for most of the time limits set by the *Patent Act* or the Commissioner of Patents, failure to meet such a time limit triggered a further 12-month period to fulfil the requirement in question via the abandonment and reinstatement system (applications), or the late payment of maintenance fees system (patents). Under the new *Rules*, this additional 12-month period no longer applies in cases of failure to meet the deadline for requests for examination and maintenance fees. However, the new system offers additional protection to applicants since failure to comply with the time limits for these actions triggers the issuance of a CIPO notice requesting the completion of the required action within a new time limit (usually 2 months). However, a “due care” requirement comes into effect after the expiry of the period specified in the notice or six months after the initial missed deadline, whichever is later. In addition to the “due care” requirement, third party rights may apply during the abandonment period. This leads to situations where a patent application is abandoned for two different reasons, with different deadlines and requirements for reinstatement, increasing the risk of confusion for applicants.

Consider a hypothetical case where an applicant who was unsure whether they wanted to pursue a patent application decided to allow the application to become abandoned by not responding to an examination report by the November 1, 2019, deadline, and to retain the option of reinstatement the following year. In this now abandoned application, the applicant also did not pay the maintenance fee initially due on December 1, 2019, triggering a 6-month delay to pay the maintenance fee and a late fee. Non-payment of the maintenance fee and late fee by June 1, 2020 would thus result in a second reason for abandonment. However, in October 2020, the applicant finally decided to continue with the application, and to respond to the examination report with a request for reinstatement and payment of the reinstatement fee, thereby removing the first reason for abandonment. However, for the second reason for abandonment, the request for reinstatement must also include a statement that the non-payment of the maintenance fee and late fee within the prescribed time limit occurred despite the fact that the applicant exercised “due care” in attempting to make the payment.

It is therefore important that patent applicants who deliberately abandon an application, but wish to retain the possibility of reinstatement at a later date, be well aware of the “due care” requirement and of the third party rights that may apply in certain circumstances, including ensuring that the time limits for requests for examination and maintenance fees are respected in order to avoid loss of rights.

Manage your priorities well

You are now required to file a certified copy of any priority application, or to refer to a digital library providing access to this document (CIPO accepts the “WIPO-DAS” code assigned to a priority application in this regard). For Canadian applications resulting from PCT applications, if the PCT requirements for a certified copy in the international phase have been met, it is not necessary to resubmit a certified copy upon entry into the Canadian national phase. However, for Canadian applications with a priority claim under the Paris Convention, the certified copy or digital library

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reference must be filed within 4 months of filing or 16 months of the priority date, whichever is later.

Also, it is now possible to restore the priority of a Canadian application within 14 months of the priority date where the failure to file an application within the prescribed 12-month period was unintentional. The time limit for requesting restoration of priority is two months from the filing date for non-PCT filings, and one month from the national phase entry date for PCT filings.

No longer lost in translation – more flexibility for non-PCT filings

Prior to October 30, 2019, it was required to submit a patent application in one of Canada's two official languages (English/French) and pay the prescribed filing fee at the time of filing to get a filing date in Canada for both non-PCT filings and PCT national phase entries. Under the new *Rules*, and only for non-PCT filings, it is possible to file an application in a language other than the two official languages and/or not to pay the prescribed fee at the time of filing. In such cases, CIPO will issue a notice requiring that a French or English translation of the application be provided and/or that the filing fee be paid within a specified period of time.

This flexibility for non-PCT filings does not apply to filings based on PCT applications. For national phase entries of a PCT application filed in a language other than English or French, applicants must ensure that they have a translation of the application on hand at PCT national phase entry in Canada.

Registration of documents and transfers

It was previously necessary to register a copy of a document evidencing a transfer of rights (e.g., an assignment) and pay a registration fee in order to effect a change in ownership of a patent application or patent. However, under the new *Rules*, the registration of a transfer of ownership and the registration of evidence of the transfer (e.g., a signed transfer document) are separate actions for which separate fees must be paid. It is important to note that the mere registration of a document evidencing a transfer only results in that document being recorded, but is not treated as a request to record a transfer.

It is also important to note that former section 51 of the *Patent Act*—which provided that any assignment is void against any subsequent assignee, unless the assignment is registered as prescribed by those sections, before the registration of the instrument under which the subsequent assignee claims—has been repealed and replaced by subsection 49(4), which in turn refers only to transfers of patents. Thus, the priority is to record the transfer.

In light of this, it is strongly recommended that patent applicants and patent holders promptly register any transfer of rights with CIPO in order to update their Canadian file and to prevent any subsequent and illegitimate transfer registration in favour of a third party.

Conclusion

If you have any questions or require further information on these or any other aspects of Canadian patent practice, feel free to contact a member of our team!

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