Kickstarting Examination in View of Upcoming Changes to Canadian Patenting Practice

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As we reported earlier, the Canadian government published proposed amendments to the *Patent Rules* in July 2021, to further streamline Canadian patent examination to pave the way for a future patent term adjustment (PTA) system in Canada as per the Canada-United States-Mexico Agreement (CUSMA), as well as to bring Canadian practice in line with the new Patent Cooperation Treaty (PCT) ST.26 sequence listing standard. The amended *Patent Rules* (the "new *Rules*") have now been published in their final version and are substantially the same as the 2021 proposal. Since most of the new *Rules* will come into force on October 3, 2022, Applicants should strongly consider **requesting examination by Friday, September 30, 2022**, to avoid the new excess claim fee and RCE regimes, as elaborated below.

Excess claim fees

The new *Rules* will introduce government excess claim fees of $100 CAD for each claim beyond 20 claims. These fees will be payable when requesting examination and will be re-assessed upon allowance to determine if further claim fees are due when paying the final fees, based on changes in claim number during examination. A multiple-dependent claim or a claim listing alternative elements will count as a single claim for fee calculations, thus using such claim formats will not further increase such fees.

Importantly, such fees will be determined based on the maximum number of claims present in the case at any time during examination, therefore the addition of claims beyond 20 during examination will incur fees that cannot later be reduced or avoided by subsequently removing claims before allowance. For example, if an application contained 15 claims when requesting examination, which were amended to 30 claims during examination and later reduced to 18 claims for allowance, excess claim fees of $1000 CAD ((30-20) x $100) would still be payable at allowance, even though the application did not contain more than 20 claims when requesting examination or at allowance.

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Therefore, under the new system, minimizing or avoiding claim fees shall require not only limiting the number of claims when requesting examination, but also limiting their number throughout examination. Since many applications are originally filed with numerous claims, controlling such fees shall entail amending the claims prior to or when requesting examination.

It should be noted that Canadian patent law, unlike that of the United States, does not include a continuation practice. Therefore, voluntary divisional applications are generally not recommended in Canada in view of double patenting under Canadian law, and there are no terminal disclaimers or equivalent remedies to address double patenting objections in Canada. These unique aspects of Canadian patent practice may limit the subject matter that may be pursued in divisional applications and will need to be given careful consideration by Applicants when devising a strategy to reduce the number of claims in view of the new *Rules*.

Request for Continued Examination (RCE)

The new *Rules* will also introduce an RCE system, with the goal of putting an application in condition for allowance with no more than three Examiner's reports. Continuing examination beyond three reports would require the filing of an RCE, which would entitle the Applicant to up to two additional Examiner's reports, following which a further RCE would be required to continue examination, and so on. The filing of an RCE may also be used to return an allowed case to examination, allowing the filing of amendments after allowance, thus replacing the current practice of requesting withdrawal of the Notice of Allowance. The RCE fee is on the order of $816 CAD and will be adjusted slightly on an annual basis.

Conditional Notice of Allowance (CNOA)

The new *Rules* introduce a Conditional Notice of Allowance that would inform the applicant that the application would be allowable but for minor defects that must be addressed along with payment of the final fee. If the Examiner does not consider the application to be allowable following the applicant's response to the CNOA, allowance will be withdrawn, the final fee will be refunded and examination will resume.

New PCT Sequence Listing Standard

In view of the new PCT "ST.26" sequence listing standard, Canada has brought its sequence listing requirements in line with those of the PCT as of July 1, 2022. Since applications having a PCT filing date prior to this date may utilize the current ST.25 standard or the new ST.26 standard when entering the Canadian national phase, use of the new standard is not imminent for Canadian national phase filings, however new direct (non-PCT) filings in Canada will need to utilize the new standard as of July 1, 2022.

Act now!

Since the new claim fee and RCE regimes will only apply to applications in which examination is requested on or after October 3, 2022, it will be very advantageous for Applicants to request examination before this date to be "grandfathered" into the current system, allowing such cases to avoid excess claim fees and RCEs throughout examination even after the new *Rules* come into force. Applicants should thus strongly consider requesting examination by **September 30, 2022**. To help optimize prosecution strategy for a given case or for any other questions, please do not hesitate to contact a member of our patent team for guidance through the transition.

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