

Deemed Abandonment Provisions Pose Traps for the Unwary

Statutory provisions were construed strictly against the applicant in two recent court decisions.

- *Stephen J. Ferance, Smart & Biggar / Fetherstonhaugh**

Although the abandonment and reinstatement provisions in the Canadian *Patent Act* provide patent applicants with useful flexibility in meeting most deadlines, those same provisions also have rigid aspects which can lead to inadvertent loss of rights, as illustrated in two recent Federal Court decisions.

In *DBC Marine Safety Systems Ltd. v. Commissioner of Patents*, 2007 FC 1142, an initial Office Action from the examiner contained two separate requisitions: a requisition under Rule 30(2) for amendments or arguments to comply with the statutory requirements for patentability, and a prior art requisition under Rule 29 for an identification prior art cited in respect of the applicant's corresponding U.S. and U.K. applications. The applicant's patent agent filed a response to the Office Action three days before the February 10, 2005 response deadline. However, due to an oversight, the response only addressed the Rule 30 requisition, and did not reply to the Rule 29 prior art requisition.

Under section 73(1)(a) of the *Patent Act*, an application is deemed to be abandoned if the applicant does not reply in good faith to "any requisition made by an examiner" by the response deadline. The application can be reinstated within 12 months of the date of abandonment by submitting a reply to the requisition along with a request for reinstatement and a reinstatement fee. If the applicant fails to either take these steps or successfully obtain a discretionary extension of time before the expiry of the 12-month reinstatement deadline, the abandonment becomes irrevocable.

In a September 2, 2003 Practice Notice, the Canadian Intellectual Property Office (CIPO) asserted that an Office Action may contain more than one "requisition", and that a response which is completely silent in respect of any single requisition will result in deemed abandonment for failure to reply in good faith to that particular requisition. CIPO also revised its *Manual of Patent Office Practice* to indicate that in such a case, the applicant would be notified of the insufficiency of its response by a courtesy communication or, if the response deadline had passed, by a notice of abandonment.

Accordingly, in *DBC Marine*, the Commissioner concluded that the application was deemed to have been abandoned on the February 10, 2005 response deadline, because the applicant's response to the Office Action was completely silent in reply to the Rule 29 prior art requisition.

Unfortunately, CIPO did not follow its usual practice of sending either a courtesy communication or a notice of abandonment in a timely fashion to notify the applicant of the deemed abandonment and the reinstatement deadline. In fact, CIPO did not issue the

notice of abandonment until May 8, 2006, by which time the 12-month reinstatement deadline had already passed, with the result that the abandonment had already become irrevocable before the applicant learned of its occurrence. Therefore, although the applicant promptly attempted to reinstate the application when it learned of the abandonment, the Commissioner refused to permit reinstatement on the ground that the 12-month reinstatement period had already expired.

The applicant's subsequent request for judicial review by the Federal Court was dismissed. The applicant submitted that the word "requisition" means the Office Action document itself, rather than each individual request contained therein. Therefore, the applicant argued that its response to the Office Action constituted a reply in good faith to the "requisition", despite the absence of a reply to the Rule 29 prior art request. The Court rejected this submission and held that each individual requisition contained in the Office Action requires a separate reply in good faith to prevent a deemed abandonment. Good faith cannot excuse the complete absence of a reply to a requisition.

The Court further held that the application was deemed to be abandoned by operation of law, and not as a result of any reviewable decision by the Commissioner. Thus, questions of procedural fairness relating to the Commissioner's failure to inform the applicant of the deemed abandonment until after the reinstatement deadline could not relieve the applicant of its statutory obligations. The Court commented that even if the Commissioner had attempted to ease the harsh consequences of the statutory regime, those steps would have been of no effect because they are not authorized by the *Act*.

In *Rendina v. Commissioner of Patents*, 2007 FC 914, deemed abandonment arose in a different context, relating to the annual maintenance fees that must be paid to keep an application in force. If a maintenance fee is not paid by the due date, the application is deemed to be abandoned under section 73(1)(c) of the *Patent Act*. The application can be reinstated within 12 months of the date of abandonment by submitting a request for reinstatement along with payment of a reinstatement fee and the overdue maintenance fee. If no action is taken by the 12-month reinstatement deadline, the abandonment becomes irrevocable.

In *Rendina*, the applicant was an individual inventor who had initially filed his own patent application, then subsequently appointed a patent agent. The first maintenance fee, due April 4, 2005, was not paid, and CIPO issued a notice of abandonment advising of the deemed abandonment and the reinstatement deadline of April 4, 2006.

On March 21, 2006, the applicant/inventor filed a request for reinstatement with an authorization to charge the required reinstatement and maintenance fees to his credit card. CIPO received this request and processed these fee payments. However, on March 31, 2006, CIPO mailed a notice to the applicant/inventor advising that maintenance fees for a pending application can only be paid by the "authorized correspondent" (*i.e.*, the appointed patent agent). Therefore, his payments were rejected and would be refunded upon request. Unfortunately, the applicant/inventor did not receive this notice from CIPO until April 5, 2006, the day after the reinstatement deadline. A subsequent request

for reconsideration and request for reinstatement filed by the applicant's agent were refused.

On judicial review, the Commissioner relied upon Rule 6(1), which states that “[e]xcept as provided by the Act or these Rules, for the purpose of prosecuting or maintaining an application the Commissioner shall only communicate with, and shall only have regard to communications from, the authorized correspondent”. The “authorized correspondent” is defined in Rule 2 to mean an appointed patent agent (the only exceptions did not apply to this application or most other applications).

The applicant attempted to rely upon the opening words of Rule 6: “[e]xcept as provided by the Act or these Rules”. The applicant pointed to section 27.1 of the *Act*, which states that “the applicant” shall pay the required maintenance fees, and Rule 98, which states that “the applicant” shall take the required steps to reinstate an abandoned application. Thus, the applicant argued that these other provisions amount to an exception as contemplated in the opening words of Rule 6. The applicant's argument was even supported by CIPO's own *Manual of Patent Office Practice*, which states in section 24.02.02 that “[o]nly the applicant or the authorized correspondent shall pay maintenance fees”.

However, the Court rejected this argument, noting that it would apply equally to a large number of other references to “the applicant” in the *Act* and *Rules*. The Court was not willing to conclude that each such reference created an exception to Rule 6, as this interpretation would deprive Rule 6(1) of any meaning. The Court commented upon the confusion and administrative burden that would result if CIPO were required to communicate with multiple correspondents regarding an application, as well as the potential for conflicting instructions. The Court viewed the purpose of Rule 6(1) as preventing such confusion, and was unwilling to adopt an interpretation that would defeat that purpose.

The harshness of the results in these two cases flows from the rigidity of the deemed abandonment dates and reinstatement deadlines, which arise automatically by operation of law, regardless of whether either the applicant or CIPO is aware of the defect that resulted in abandonment or unsuccessful reinstatement until long after the deadline for correcting it has passed.

Despite this rigidity, Canada's abandonment and reinstatement regime provides applicants with significant flexibility in meeting most deadlines. Unlike the United States, Canada permits reinstatement even if the application was intentionally allowed to fall abandoned. If necessary, therefore, Canada's abandonment and reinstatement procedures can be used to effectively obtain a one-year extension of deadlines that are technically not extendable, such as the deadlines for requesting examination or paying annual maintenance fees, or the six-month deadline for responding to an Office Action. This approach should be used sparingly, as it erodes a portion of the patent term, which runs for 20 years from the filing date regardless of the issue date. Diligence is also

required to avoid any defects in reinstatement that might not otherwise be discovered until after the reinstatement deadline.

Stephen Ferance is a partner in the Vancouver office of Smart & Biggar and its sister firm, Fetherstonhaugh. His practice focuses primarily on patent prosecution for electronics and computer-related inventions. He is a frequent author and speaker on patent law topics, and teaches patent law at the University of Victoria. Related through common partners, offices and personnel, Smart & Biggar is Canada's largest firm practicing exclusively in intellectual property and technology law, while Fetherstonhaugh is Canada's largest patent and trade-mark agency firm.

This article provides general information only, and does not constitute legal or professional advice. To obtain such advice, please contact the author or his firms directly.