

Federal Court



Cour fédérale

Date: 20110404

Docket: T-121-10

Citation: 2011 FC 407

Toronto, Ontario, April 4, 2011

PRESENT: The Honourable Mr. Justice Hughes

BETWEEN:

EXCELSIOR MEDICAL CORPORATION

Applicant

and

ATTORNEY GENERAL OF CANADA

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] This Application deals with the payment of maintenance fees in respect of a pending Canadian patent application and, more particularly, with whether those fees were paid by the proper person and accepted by the Patent Office, and the effect of that acceptance. The Patent Office ultimately took the position that the application was “dead”. The Applicant herein, the person applying for the patent, seeks a declaration that the application is not dead, and should continue to be processed by the Patent Office.

[2] For the reasons that follow, I find that the application is dismissed with costs.

[3] The facts before the Court have been set out in the affidavit of Bill Anderson, Vice-President of the Applicant Excelsior Medical Corporation, accompanied by several exhibits and in the affidavit of J. Scott Vasudev, employed in the Canadian Patent Office as Chief, Patent Administrative Policy, Classification and International Affairs Division, which is also accompanied by several exhibits. There was no cross-examination upon either affidavit.

[4] The following facts, as determined from this evidence, are relevant to the issue before the Court:

1. A company known as Vasca Inc. filed a patent application outside Canada under the provisions of the international Patent Co-Operation Treaty (PCT) on July 9, 2001. The application pertains to a medical device.
2. Under the provisions of the PCT, patent applications could subsequently be filed in any one or more of the member countries, such as Canada, within a stipulated time period and be afforded the filing date of the original application, July 9, 2001. This is termed as entering the national phase.
3. Vasca engaged a United States patent attorney firm (Everest) to supervise the filing of national phase patent applications through patent agents in various countries in which Vasca wished to receive patents. Several countries were selected, including Canada.

4. An application (entering the national phase) was filed in Canada on December 2, 2002 based on the earlier PCT application. The Canadian Application was given number 2,414,481. At that time, the Canadian patent agent firm of record was Fetherstonhaugh & Co. That firm was being instructed by Everest.
5. On or about 13 September 2006, the Canadian patent application, together with related patents and patent applications in other countries, were assigned by Vasca to the Applicant Excelsior.
6. The Canadian *Patent Act*, RSC 1985, c P-4 and *Patent Rules* SOR/96-423, require that periodic maintenance fees shall be paid in order that patent applications and patents shall remain alive. A grace period is provided in the event that the time for paying such a fee is missed.
7. At about the time of the assignment of the patent applications and patents from Vasca to Excelsior the deadline for payment in respect of the payment of maintenance fees for the Canadian application had been missed. However, the application could be revived within the grace period.
8. A different firm of Canadian patent agents, Oyen Wiggs, was selected to continue to prosecute the Canadian patent application on behalf of Excelsior. Instructions

were given to Fetherstonhaugh & Co., by Everest, to transfer the file to Oyen Wiggs. That transfer took place some time after 6 March 2007.

9. The deadline for reinstatement of the Canadian application within the grace period, by requesting reinstatement and paying the relevant fees, was July 10, 2007.

10. On July 9, 2007, Oyen Wiggs filed a letter with the Canadian Patent Office, requesting reinstatement and paying the relevant fees. At that time, only Fetherstonhaugh & Co., and not Oyen Wiggs, was the patent agent of record. The copy of this letter found in the Patent Office file bears a stamp stating:

“Retablissement approuve par: Reinstatement Approved by:” with a signature and dated July 19, 2007.

11. On August 8, 2007, the Canadian Patent Office sent a Notice of Reinstatement to Fetherstonhaugh & Co. advising that the prescribed fee had been received and that *“The application has been reinstated”*. This Notice indicates the owner as being Vasca.

12. On August 22, 2007, the Canadian Patent Office sent a letter to Fetherstonhaugh & Co. stating:

Please disregard the Acknowledgement of reinstatement mailed to you on August 8, 2007.

The maintenance fee and reinstatement fee should not have been accepted because the payor was not the authorized correspondent.

We apologize for any inconvenience which this error may have caused.

13. On the same day, August 22, 2007, a similar letter was sent by the Canadian Patent Office to Oyen Wiggs. It stated:

Reference is made to your letter dated July 9, 2007 regarding a maintenance and reinstatement fee payment.

When an application is pending, the fee to maintain that application may only be paid by the authorized correspondent in regard to that particular application. Please refer to the provisions of subsection 6 (1) of the Patent Rules.

In accordance with section 4 of the Patent Rules, a refund in the amount of \$600.00, will be issued upon request.

14. The affidavit of Vasudev, the employee of the Canadian Patent Office, explains the above correspondence by stating that the procedures in place in that Office provide for certain scanning and bar-coding of correspondence received without substantive verification. Only later is the correspondence substantively reviewed. Certain reply correspondence is generated automatically by the Office even before a substantive review. This appears to be what happened in this case; the letter of August 8, 2007 was generated automatically. The subsequent letters of August 22, 2007 were sent after a substantive review.

15. By letter dated December 10, 2007 Oyen Wiggs referred to the Patent Office's letter to them of August 22, 2007 stating that the application had been designated as "dead" and requested a refund of the fees paid.
16. By letter dated June 18, 2008, the Canadian Patent Office refunded the fees to Oyen Wiggs.
17. On December 23, 2009, Oyen Wiggs filed a letter with the Canadian Patent Office including a document appointing Oyen Wiggs as associate patent agent, requesting that they be made an associate patent agent of record in respect of the Canadian patent application at issue. No previous attempt had been made to make that firm of record as agent or associate agent. The letter stated that the document was intended "...to reflect the *de facto* appointment which was in place at the time..." July 9, 2007.
18. On January 28, 2010, the Canadian Patent Office sent a letter to Oyen Wiggs stating that the patent application was dead beyond the point of reinstatement. In particular, the letter stated:

The Current State of this application is Dead, and is beyond the point of reinstatement.

All further prosecution of this case is terminated. Consequently, all Office Action requests and payments have been refused and declined, including the Appointment of Agent, the Requests for Reinstatement, the Request for Examination, and the payment of Maintenance Fees.

A refund will be initiated upon written request only

19. As similar letter was sent by the Patent Office the same day to Fetherstonhaugh & Co.

20. This present application was filed shortly after.

[5] There have been numerous cases in this Court and the Federal Court of Appeal dealing with the payment of maintenance fees. Most of those cases deal with a situation where there was no effort made to pay those fees until after the expiry of all relevant time periods, in which case the Commissioner cannot accept the fees. Other cases deal with a situation where fees were tendered within the relevant period, but the Commissioner refused to accept them because they were not tendered by a patent agent of record. Again, the Courts have found that the Commissioner's decision was correct.

[6] In the present case:

- the fees were tendered within the relevant time period;
- the firm tendering the fees was not a patent agent of record;
- the Patent Office accepted those fees and sent a notice to the patent agent of record stating that the application had been reinstated;

- the Patent Office, a few days later, sent a further letter to the patent agent of record stating that the earlier letter should be disregarded;
- that same day, the Patent Office sent a letter to the firm tendering payment offering to refund the fees;
- several months later, the firm tendering the fees requested a refund. The fees were refunded;
- about two years later, the tendering firm submitted to the Patent Office an appointment of associate agent, the covering letter stating that it was intended to reflect a *de facto* arrangement in place at the time the fees were originally tendered;
- the Patent Office sent a letter to the firm and the patent agent of record stating that the application could not be reinstated. This is the subject of this judicial review.

[7] The evidence from the Applicant's side consists of the affidavit of a Vice President of the Applicant stating, particularly at paragraphs 22 to 25, that it was always the Applicant's intent to pursue its patent rights, that it instructed others for that purpose, and it was only in late 2009 that the Applicant was made aware that something was amiss. There was no cross-examination.

[8] What the Court does not have is any evidence from the United States Patent Attorney or the Canadian Patent Agent firm of record or the firm that tendered the fees and subsequently sought reimbursement, as to what happened from their point of view, or why they took the actions they did, or did not take other actions. One can speculate, but I will not do so. In sum, what the Court does not have is any evidence of detrimental reliance by any of them on the letter sent from the Patent Office, and subsequently revoked, that the application had been reinstated.

[9] The Respondent filed the affidavit of a Patent Office employee, Vadusev, upon which there was no cross-examination. That affidavit says, in effect, that at the time period in question, the Patent Office gave only cursory examination of correspondence paying maintenance fees. A subsequent substantive examination would reveal errors. This practice is regrettable, and seems to have led to, first, the letter advising as to the reinstatement, and then to the subsequent letter withdrawing the first letter.

[10] The Applicant seeks to have this Court declare that the second letter revoking the first is a nullity, and that the application is in good standing or, in the alternative, quashing the second letter and directing that the Patent Office continue the prosecution of the application.

[11] The Respondent objected to the jurisdiction of the Court to deal with such a request on the basis that, if the second letter (the “revocation” letter) is a nullity as the Applicant argues, then there is nothing upon which the Court may make a judicial review. I reject that argument. It pre-supposes the result. The Court is asked by the Applicant to make a declaration and, in the alternative to grant, in effect, *certiorari* and *mandamus*. I repeat what O’Reilly J. wrote in *F. Hoffman-La Roche AG v*

Canada (Commissioner of Patents), [2004] 2 FCR 405, 2003 FC 1381, (aff'd 45 C.P.R. (4th) 1, 2005 FCA 399) at paragraphs 19 and 20:

19 I believe this issue was decided in the case of Pfizer Inc. v. Canada (Commissioner of Patents) (1999), 1 C.P.R. (4th) 200 (F.C.T.D.), overturned on other grounds: (2000), 9 C.P.R. (4th) 13 (F.C.A.). The Court held that judicial review was available in respect of declarations, set out in letters from the Commissioner of Patents to a patent holder, that a particular patent was valid. Judicial review is available in respect of any "decision, order, act or proceeding of a federal board, commission or other tribunal": Federal Courts Act, R.S.C., 1985, c. F-7 [s. 1 (as am. by S.C. 2002, c. 8, s. 14)], subsection 18.1(3) [as enacted by S.C. 1990, c. 8, s. 5; 2002, c. 8, s. 27]; Markevich v. Canada, [1999] 3 F.C. 28 (T.D.). To my mind, this language is broad enough to encompass the Commissioner's notice to Hoffmann-La Roche that its patent had lapsed.

20 That is not to say, however, that the Commissioner made a formal decision that would necessarily attract the requirements of procedural fairness or other incidents of administrative decision making. This will be discussed further below. For present purposes, I need only find that judicial review is available here. In my view, that threshold has been met.

[12] The Applicant raised four matters for consideration in oral argument at the hearing:

1. Is Rule 6 (1) of the *Patent Rules* inconsistent with 73 (3) of the *Patent Act* such that the Commissioner must accept payment of maintenance fees from anyone purporting to tender them on behalf of the Applicant?
2. Does Rule 6 create a positive duty only on the Commissioner and no positive duty exists on an Applicant to tender maintenance fees only through an authorized representative?

3. Will the court grant relief as a matter of equity?

[13] A fourth point was raised, but not pursued without conceding that it could not be raised on appeal; namely, that the December 2009 filing of an associate agent appointment should have been accepted by the Commissioner with retroactive effect. This point was not clearly raised in the Applicant's written memorandum and not actively pursued at the hearing. I will not give further attention to this matter.

ISSUE #1 **Is Rule 6 (1) of the *Patent Rules* inconsistent with 73 (3) of the *Patent Act* such that the Commissioner must accept payment of maintenance fees from anyone purporting to tender them on behalf of the Applicant?**

[14] This issue requires an examination of the *Patent Act*, RSC 1985, c P-4 and the *Patent Rules*, SOR/96-423. The patent application at issue was filed with an effective date of July 9, 2001; thus, the provisions of the post-October 1, 1989 *Patent Act* apply. The *Patent Act* contains an unusual provision in section 12(2):

12. (2) Any rule or regulation made by the Governor in Council has the same force and effect as if it had been enacted herein.

[15] There has been no jurisprudence dealing specifically with this section. The Supreme Court of Canada in *Bristol-Myers Squibb Co. v Canada (Attorney General)*, [2005] 1 SCR 533, in dealing generally with the *Patent Act* and *Notice of Compliance Regulations* wrote that the two should be read together, but that the *Regulations* were constrained by the *Act*. Binnie J. for the majority wrote at paragraphs 37 and 38:

37 *BMS argues that once it is established that paclitaxel is present in the Biolyse product, s. 5(1.1) bars the issuance of a NOC. Biolyse responds that the BMS approach is too simplistic. Biolyse invokes the modern approach to statutory interpretation, which it says is equally applicable to regulations, as set out in Rizzo & Rizzo Shoes Ltd. (Re), [1998] 1 S.C.R. 27. In that case, the Ontario Employment Standards Act provided for termination pay and severance pay for workers where their employment was terminated by an employer. Rizzo Shoes went bankrupt. The trustee disallowed the workers' claims because their jobs had been terminated by the bankruptcy, not by the employer. The Ontario courts agreed with the trustee. This Court reversed, Iacobucci J. observing as follows:*

At the heart of this conflict is an issue of statutory interpretation. Consistent with the findings of the Court of Appeal, the plain meaning of the words of the provisions here in question appears to restrict the obligation to pay termination and severance pay to those employers who have actively terminated the employment of their employees. At first blush, bankruptcy does not fit comfortably into this interpretation. However, with respect, I believe this analysis is incomplete.

... Elmer Driedger in Construction of Statutes (2nd ed. 1983) best encapsulates the approach upon which I prefer to rely. He recognizes that statutory interpretation cannot be founded on the wording of the legislation alone. At p. 87 he states:

Today there is only one principle or approach, namely, the words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament.

...

Although the Court of Appeal looked to the plain meaning of the specific provisions in question in the present case, with respect, I believe that the court did not pay sufficient attention to the scheme of the ESA, its object or the intention of the legislature; nor was the context of the words in issue appropriately recognized. I now [page558] turn to a discussion of these issues. [Emphasis added; paras. 20, 21 and 23.]

38 *The same edition of Driedger adds that in the case of regulations, attention must be paid to the terms of the enabling statute:*

It is not enough to ascertain the meaning of a regulation when read in light of its own object and the facts surrounding its making; it is also necessary to read the words conferring the power in the whole context of the authorizing statute. The intent of the statute transcends and governs the intent of the regulation.

(Elmer A. Driedger, Construction of Statutes (2nd ed. 1983), at p. 247)

This point is significant. The scope of the regulation is constrained by its enabling legislation. Thus, one cannot simply interpret a regulation the same way one would a statutory provision. In this case, the distinction is crucial, for when viewed in that light the impugned regulation cannot take on the meaning suggested by BMS. Moreover, while the respondents' argument draws some support from the language of s. 5(1.1) isolated from its context, it overlooks a number of significant aspects of the "modern approach".

[16] An analogous situation was dealt with by Justice de Montigny in *M-Systems Flash Disk Pioneers Ltd. v Canada (Commissioner of Patents)* (2010), 83 CPR (4th) 423, 2010 FC 441 (affirmed 2011 FCA 112). He discussed an earlier decision of Justice Mosley in *DBC Marine Safety Systems Ltd. v Canada (Commissioner of Patents)* (2007), 62 CPR (4th) 279. Justice de Montigny wrote at paragraphs 35 and 40:

35 *The facts in that case were quite similar to the situation at bar. The applicant had been sent an Office Action with two requisitions, one pursuant to Rule 29 and one to Rule 30. The applicant in that case was also warned of the risk of multiple abandonments with the standard language quoted in paragraph 29 above. The applicant replied to the Rule 30 requisition within the delay, but overlooked the Rule 29 requisition. The application was deemed abandoned pursuant to section 73(1)(a) of the Act and the one year delay for reinstatement started running. The maintenance fee was accepted and no formal or informal notice of the deemed abandonment was communicated to the applicant. As in the present case, a notice of abandonment was prepared but never sent to the applicant. The applicant eventually filed the missing*

documents and unsuccessfully sought reinstatement, after the expiry of the provided deadline.

...

40 As for the argument that the required information could be found by the patent examiner in foreign patent databases, I find it immaterial. The Governor in Council has seen fit to impose on the applicant the obligation to provide the particulars of the prosecution of any foreign patent application for the same invention. So long as Rule 29 has been validly enacted pursuant to section 12 of the Act and is not incompatible with s. 73 of that same Act, it must be applied. It is not for this Court to second guess the policy behind that Rule.

[17] I also refer to *Sullivan and Driedger on the Construction of Statutes* (4th) ed. Butterworth, at page 272:

Statutes are paramount over regulations. The presumption of coherence applies to regulations as well as to statutes. It is presumed that regulatory provisions are meant to work together, not only with their own enabling legislation but with other Acts and other regulations as well. In so far as possible the courts seek to avoid conflict between statutory and regulatory provisions and to give effect to both. Where conflict is unavoidable, normally the statutory provision prevails.

[18] Given the foregoing and, in particular, section 12(2) of the *Patent Act*, the Court is required to interpret the *Act* and *Rules* as working together harmoniously.

[19] It is only where there is a clear contradiction that the *Act* must prevail. Ambiguities are to be resolved on the basis of a homogeneous working together of the *Act* and the *Rules*.

[20] In the present circumstances, I turn first to the *Patent Act*. Sections 27(1) and (2) require that an application for a patent must be filed by the inventor or the inventor's legal representative:

Commissioner may grant patents

27. (1) The Commissioner shall grant a patent for an invention to the inventor or the inventor's legal representative if an application for the patent in Canada is filed in accordance with this Act and all other requirements for the issuance of a patent under this Act are met.

Application requirements

(2) The prescribed application fee must be paid and the application must be filed in accordance with the regulations by the inventor or the inventor's legal representative and the application must contain a petition and a specification of the invention.

[21] Section 2 defines "legal representative" as those acquiring an interest in the title from a patentee:

"legal representatives" includes heirs, executors, administrators, guardians, curators, tutors, assigns and all other persons claiming through or under applicants for patents and patentees of inventions;

[22] The inventor may assign his or her interest in a patent as set out in section 50(1) of the *Act*:

Patents to be assignable

50. (1) Every patent issued for an invention is assignable in law, either as to the whole interest or as to any part thereof, by an instrument in writing.

[23] Where the applicant for a patent is apparently not a Canadian resident, a "representative person or firm" must be nominated, which person is deemed "for all purposes of this Act" to be the representative of the patentee including for service of proceedings. Section 29(1) and (2) of the *Patent Act* provide:

Non-resident applicants

29. (1) *An applicant for a patent who does not appear to reside or carry on business at a specified address in Canada shall, on the filing date of the application, appoint as a representative a person or firm residing or carrying on business at a specified address in Canada.*

Nominee deemed representative

(2) *Subject to this section, a nominee of an applicant shall be deemed to be the representative for all purposes of this Act, including the service of any proceedings taken under it, of the applicant and of any patentee of a patent issued on his application who does not appear to reside or carry on business at a specified address in Canada, and shall be recorded as such by the Commissioner.*

[24] It must be noted that such person is *the representative for all purposes of the Act.*

[25] Section 73(3) of the *Patent Act* provides for reinstatement of an application by the *applicant*:

73. (3) *An application deemed to be abandoned under this section shall be reinstated if the applicant ...*

[26] Turning to the *Patent Rules*, Rule 20(1) provides for an appointment of a patent agent to *prosecute* an application:

20. (1) *An applicant who is not an inventor shall appoint a patent agent to prosecute the application for the applicant.*

[27] It is to be noted that the “patent agent” is not necessarily the “representative”, although it may be the case, and usually is, that the agent is both.

[28] Rule 6(1) of the *Patent Rules* is critical to this case. It provides that the Commissioner shall only have regard to communication, including those respecting *maintenance*, from an “authorized correspondent”:

6. (1) Except 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.

[29] Rule 2, “authorized correspondent”, defines such a person as the applicant where no patent agent has been appointed, or the patent agent where one has been appointed:

"authorized correspondent" means, in respect of an application,

(a) where the application was filed by the inventor, where no transfer of the inventor's right to the patent or of the whole interest in the invention has been registered in the Patent Office and where no patent agent has been appointed

(i) the sole inventor,

(ii) one of two or more joint inventors authorized by all such inventors to act on their joint behalf, or

(iii) where there are two or more joint inventors and no inventor has been authorized in accordance with subparagraph (ii), the first inventor named in the petition or, in the case of PCT national phase applications, the first inventor named in the international application,

(b) where an associate patent agent has been appointed or is required to be appointed pursuant to section 21, the associate patent agent, or

(c) where paragraphs (a) and (b) do not apply, a patent agent appointed pursuant to section 20;

[30] The Federal Court of Appeal has recently considered many of these provisions in *Unicrop Ltd. v Canada (Attorney General)*, Feb 11, 2011, 2011 FCA 55. Noël J.A. for the Court wrote at paragraphs 24, 34 and 35:

24 *The Rules also determine who may communicate with the Commissioner. At the core of this appeal is subsection 6(1) of the Rules, which provides that the Commissioner shall only communicate with the authorized correspondent:*

6. (1) Except 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.

* * *

6. (1) Sauf disposition contraire de la Loi ou des présentes règles, dans le cadre de la poursuite ou du maintien d'une demande, le commissaire ne communique qu'avec le correspondant autorisé en ce qui concerne cette demande et ne tient compte que des communications reçues de celui-ci à cet égard.

...

34 *In the present case, the relevant provisions of the Rules could not be clearer. Subsection 6(1) directs that the Commissioner shall not have regard to communications other than those from an authorized correspondent. The wording of section 3.1, which deals with the late payment of fees, makes it clear that this prohibition extends to communications relating to all such payments as it operates "subject to subsection 6(1)".*

35 *It follows that there is no ambiguity to be resolved in favour of the appellant. The scheme of the Act contemplates there can only be one authorized correspondent at any given point in time. If, as here, there is an authorized correspondent on record, that correspondent continues in office until its appointment is revoked and another is appointed. Only an appointment or a revocation filed with the Commissioner pursuant to section 20 of the Rules can operate a change and neither can take effect before being filed with the office of the Commissioner.*

[31] In the case now before me, the Applicant argues that, since the provisions of section 73(3) of the *Patent Act* clearly provide that the *applicant* can seek reinstatement of an application by paying the appropriate fee, then the applicant or *any* agent can do so. The restriction of Rule 6(1) stating that the Commissioner shall *only* have regard to communications from an authorized correspondent does not apply, or, if seemingly applicable, cannot apply since it is in conflict with sections 73(3) of the *Act*.

[32] While I have much sympathy with this argument, a matter which I canvassed in *Sarnoff Corp. v Canada (Attorney General)* (2008), 66 CPR (4th) 167, 2008 FC 712, the Federal Court of Appeal in *Unicrop*, *supra*, has described these comments as “obiter”. In any event, to the extent that such arguments were not raised in *Sarnoff* or *Unicrop*, I interpret Rule 6(1), when read harmoniously with subsection 73(3) of the *Patent Act*, as well as the other provisions of that *Act* and *Rules* previously referred to, as creating an orderly scheme for the prosecution of applications and payment of maintenance fees through the applicant; or, where a patent agent has been appointed, through that agent. The numerous cases that have arisen where hardship has resulted largely through inadvertence, speaks to a need to reform the *Rules*. As they stand, the *Rules* provide for a generous grace period to seek reinstatement, but do not provide to the Commissioner or the Court a discretion to bend the *Rules*. In my view, the *Rules* may be one-sided in protecting only the needs of the Patent Office and not of private practitioners. This may require revision to the *Rules*, but not by the Court.

ISSUE #2 **Does Rule 6 create a positive duty only on the Commissioner and no positive duty exists on an Applicant to tender maintenance fees only through an authorized representative?**

[33] Rule 6(1) states that the *Commissioner* shall have regard *only* to correspondence to and from an authorized correspondent. The Applicant argues that there is no obligation on the applicant or the applicant's agent to communicate with the Commissioner only through an authorized correspondent. I repeat Rule 6(1):

6. (1) Except 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.

[34] I have found Rule 6(1) to be in harmony with the *Patent Act* and the other pertinent *Patent Rules*. The Commissioner may safely ignore communications respecting an application or maintenance fees which do not come from an authorized representative. However, what is the result, as in this case, where the Commissioner does not ignore the communication, but acts upon it? What is the effect of a subsequent attempt by the Commissioner to withdraw what was done?

[35] The late Justice Cullen of this Court dealt with such an issue in *Pfizer Inc. v Canada (Commissioner of Patents)* (1999), 1 CPR (4th) 200, where maintenance fees were paid in respect of several patent applications. Some of those fees were paid beyond the time for reinstatement. The Patent Office sent a notice saying that all the applications were reinstated. Subsequently, it sent a notice saying that there was a mistake respecting those applications where the fee had been paid too late. Justice Cullen found that the Commissioner could not retract the notice of reinstatement and that the reinstatement prevailed. He wrote at paragraphs 29 to 32:

29 In light of the applicant's patent agents' letter of 2 March 1998, which specifically requests reinstatement (albeit in the language of petitioning), the earlier letter of 10 March 1997 cannot be read as a similar request for reinstatement. The Patent

Act requires that a request for reinstatement be made. This implies something be asked for, which is an overt act in itself. The letter is not capable of being construed as a request for reinstatement- while it certainly contains a request, per se, it requests an amendment to the application itself and fails to deal in any way with the issue of reinstatement, unlike the later letter of 2 March 1998.

30 Notwithstanding this lapse and apparent failure to satisfy the requirements of section 73(3), the Patent Office issued a Notice of Reinstatement on 24 February 1998. Nothing in either the Patent Act or Patent Rules provides for the withdrawal or retraction of a Notice of Reinstatement.

31 Tribunals have limited post-decision powers that allow for reconsideration in very narrow circumstances. These include, inter alia, instances where a party was not notified of the proceeding, required procedure was not followed, or clerical errors. Aside from such circumstances, a tribunal is considered functus officio once a decision has been rendered.

32 In the instant case, the Notice of Reinstatement was sent to the applicant, and the applicant adjusted its affairs on the basis that its 371 application was reinstated and being processed through the Patent Office. Nothing in the Act or Rules permits the Patent Office to retract such a notice, and until or unless the applicant abandons its application, the Notice of Reinstatement should govern.

[36] The Federal Court of Appeal in its decision reported at (2000), 9 CPR (4th) 13 reversed this decision. The applications were already dead and could not be reinstated, even if the Commissioner inadvertently sent a notice of reinstatement. Isaac J.A. for the Court wrote at paragraph 23:

23 From a reading of the Act, it is plain that subsection 73(3) of the Act provides that reinstatement of an abandoned patent application will occur if three statutory requirements are met and not when the Patent Office issues a Notice of Reinstatement. The three requirements are: (1) a request for reinstatement has been made; (2) the action which should have been taken to avoid the abandonment has been taken; and (3) a reinstatement fee has been

paid. Section 152 of the Rules clearly requires that the request for reinstatement of a patent application be made within 12 months from the date on which a patent application was deemed to be abandoned. In this case, the date of abandonment was 27 January 1997. Thus, the deadline for making a request for reinstatement was 27 January 1998. The respondent failed to make its request until 5 February 1998. This is clearly outside the statutory time limit prescribed by section 152 of the Rules. As a consequence, the application could not be reinstated in law.

[37] The present case is different from the case in *Pfizer* in that, as of the date that the fees were submitted, the application was not “dead”. It was still alive. The Patent Office accepted those fees, even if submitted by somebody other than the “authorized correspondent”, and notified the correct party, the patent agent of record, that this application had been reinstated. Only a few days later, after the relevant time period was passed, did the Patent Office notify the patent agent of record that it should not have reinstated the application. By then, it was too late. The Applicant or its agents, or somebody, had made a mistake (I made no finding in this regard). The Patent Office had made a mistake. It could not be made right. The Patent Office is unwilling to share any responsibility. Its letter of August 22, 2007 to Fetherstonhaugh & Co. simply states, “*We apologize for any inconvenience...*” a phrase one hears too often.

[38] Nothing in Rule 6 or elsewhere in the *Patent Act* or *Patent Rules* says anything about what happens when the Commissioner, notwithstanding Rule 6(1), receives and acts upon a communication. All of this was done in the present case when the application was alive, not dead. The payment of a maintenance fee, unlike the prosecution of a patent application, is a simple clerical function. Where that function has been performed within the relevant time periods, there is no provision to “un-perform” that function.

[39] This case is different from that considered by the Federal Court of Appeal in *Actelion Pharmaceuticals Ltd. v Canada (Attorney General)*, (2008), 64 CPR (4th) 381, 2008 FCA 90. In that case, the applicant endeavoured to rely on a very general statement made in a letter paying a first maintenance fee as authorizing the payment of all fees. The reasons of the Court delivered by Sexton J.A. repeat this letter at paragraph 4:

4 Assuming that it was paying the first maintenance fee, on July 15, 2005 the appellant wrote the following letter to the Commissioner ("the appellant's letter"):

Included in today's payment is the maintenance fee of \$100.00 which is required for anniversary 2 for this case. The applicant has elected to pay this fee as a Regular entity.

The Commissioner is hereby authorized to debit any additional fee or credit any overpayment associated with this communication directly from or to our deposit account...

[40] Sexton J.A. rejected the argument that this letter authorized payment of all maintenance fees. He wrote at paragraphs 11 and 12:

11 I also agree with the concerns of the applications judge with respect to the possible implications of the appellant's reasoning: it would lead to the absurd result where every time payment of a maintenance fee is offered using the sort of boiler-plate form noted above, the Commissioner should read into the payment an implicit request for reinstatement or some other implicit request in order to maintain their patent application in good standing. CIPO receives many patent applications and letters relating to such patent applications each year. Would staff members of CIPO now have to read every letter that comes into its office with a view to inferring some intention of the writer not clearly specified? Such an outcome would lead to potentially inconsistent results. This outcome seems even more serious when one considers third parties who may be scrutinizing the file of a patent application and relying on the

contents of that file. Will they also have to see whether or not certain words can possibly be construed as a request for reinstatement? Those third parties may wish to rely on an apparent absence of a request for reinstatement and take action which would constitute infringement in the event that the patent eventually issues. The appellant's interpretation of the Patent Act and the boiler-plate language would force innocent third parties to choose between waiting for some resolution of the problem or proceeding with actions which may put themselves at risk. Finally, it is difficult to imagine what other implications there would be if the appellant's interpretation is accepted. What other uncertainties would be created?

12 *The onus is on the applicant to comply with the Patent Act, rather than on the Commissioner to attempt to interpret vague communications. That was the approach taken by Justice Létourneau in F. Hoffman-LaRoche AG v. Canada (Commissioner of Patents), [2005] F.C.J. No. 1977, 2005 FCA 399 at paragraph 6:*

However, whatever errors the Commissioner may have committed in its own internal classification of the patent for administrative purposes, these errors do not have the effect of relieving the appellant of its statutory obligations under the Act. Nor do they have the effect of creating, in relation to section 46, a joint or shared responsibility that would allow avoidance of the legal consequences resulting from the appellant's failure to comply with section 46.

[Emphasis added.]

I recognize that this case was about a re-issuing of a patent and not a reinstatement of a patent application but the principle remains the same.

[41] In the present case, the letter tendering the maintenance fees (9 July 2007) was very specific as to the patent application in question and as to the fees to be paid. Once that letter and fees had been received and accepted by the Commissioner during the period where the application was alive, that was the end of the matter. The Commissioner had no authority to undo the situation.

[42] However, that is not the end of the matter. In the letter of August 22, 2007 from the Patent Office to the firm that had paid the maintenance fee, the Office offered a refund upon request. In December 2007, that firm requested a refund. In June 2008, that refund was given. Therefore, there were no maintenance fees paid effective as of June 2008. The patent application was truly dead at that time when the refund was given.

[43] Had a timely dispute been raised in or about August 2007 when the Commissioner sent the letter revoking the reinstatement, whether in the Patent Office or in the Court, the situation would have been different. As of that time the maintenance fees had been paid and accepted. As of June 2008, the maintenance fees had been returned. The application lay dead.

[44] In December 2009, the firm that had tendered the fees used what I can only describe as a “Hail Mary” play attempting to persuade the Patent Office that they had been an associate patent agent all along by tendering a *nunc pro tunc* appointment to that effect. The Patent Office rightly rejected that attempt.

[45] As a result, the patent application was certainly dead as of June 2008 when the fees were returned.

ISSUE #3 **Will the court grant relief as a matter of equity?**

[46] The Applicant, as an alternative, asks the Court to invoke its equitable jurisdiction to rectify what it calls, and what I also call, a purely technical error in which the only party to suffer was the Applicant itself.

[47] Section 20(2) of the *Federal Courts Act*, RSC 1985, c F-7 gives this Court jurisdiction in many intellectual property matters not only arising from an Act of Parliament, but *also* at law or in equity:

20. (2) The Federal Court has concurrent jurisdiction in all cases, other than those mentioned in subsection (1), in which a remedy is sought under the authority of an Act of Parliament or at law or in equity respecting any patent of invention, copyright, trademark, industrial design or topography referred to in paragraph (1)(a).

[48] However, the Court cannot invoke its equitable jurisdiction randomly, or simply upon request. A proper basis for invoking that jurisdiction must be demonstrated.

[49] The Applicant refers to relief against forfeiture, a matter that I referred to in *Sarnoff*, supra. The Applicant also cited the Supreme Court of Canada decision in *Kenora (Town) Hydro Electric Commission v Vacationland Dairy Co-operative Ltd.*, [1994] 1 SCR 80. I repeat what Major J. for the majority wrote at pages 111 to 112 in order to emphasize what was written in the middle of that paragraph; namely, that in that case, the record showed that the party had acted to its detriment in reliance upon the mistaken actions of the other party:

A statute can only affect the operations of the common law principles of restitution, and bar the defence of estoppel or change of position where there exists a clear positive duty on the public utility which is incompatible with the operation of those principles. The application

of the principles of restitution to the case at bar can be briefly summarized. A benefit in the form of electricity was conferred on the Co-op at the expense of Kenora Hydro. The law of restitution would normally force the Co-op to return the value of the benefit to Kenora Hydro unless that value was no longer in the Co-op's possession because of a change of position. In this case, the Co-op successfully proved that it acted to its detriment in reliance on the billing statements for its own billing and budgetary purposes and that therefore the value of the electricity no longer existed for the purposes of restitutionary relief. Kenora Hydro conceded that this was in fact the case in the Court of Appeal and confirmed it before this Court. The defence of estoppel is thus an expression of what the common law has considered to be sufficient justification to release a defendant from liability in the pursuit of fairness, and applying those principles to this case, the Co-op would no longer be liable to Kenora Hydro.

[50] I have no such evidence in the present case. The affidavit filed by the Applicant simply says that the Applicant relied upon its United States attorney and Canadian patent agent and simply assumed things were in good order until late 2009. There is no evidence from that attorney or that agent as to what they did or what reliance was placed on the Patent Office's actions, if any. The record indicates that, by requesting a refund of fees in December 2007, the Canadian patent agent firm that had tendered the fees apparently acquiesced in what the Patent Office did.

[51] Under these circumstances, there is nothing to trigger consideration as to equitable relief.

CONCLUSION AND COSTS

[52] In conclusion, therefore, the application must be dismissed. The Respondent is entitled to costs at the upper end of Column III, including fees for a senior and junior counsel at the hearing.

JUDGMENT

FOR THE REASONS given:

THIS COURT ADJUDGES that:

1. The application is dismissed; and

2. The Respondent is entitled to costs at the upper end of Column III, including fees for a senior and junior counsel at the hearing.

“Roger T. Hughes”

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-121-10

STYLE OF CAUSE: EXCELSIOR MEDICAL CORPORATION v.
ATTORNEY GENERAL OF CANADA

PLACE OF HEARING: Toronto, Ontario

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**REASONS FOR JUDGMENT
AND JUDGMENT BY:** HUGHES J.

DATED: April 4, 2011

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