



May 4, 2004

Mr. Barney De Schneider
Director, Patent Branch
Canadian Intellectual Property Office
Industry Canada
Place du Portage I, Room 801-D
Gatineau QC K1A 0C9

Dear Mr. De Schneider:

**RE: Proposed Amendments to *Patent Act* to Clarify the Payment of Certain Fees
(after *Dutch Industries*)**

The National Intellectual Property Law Section of the Canadian Bar Association (CBA Section) welcomes the opportunity to comment on the Canadian Intellectual Property Office's (CIPO) call for comments on the proposed amendments to the *Patent Act* to clarify the payment of certain patent fees. The CBA Biotechnology Committee of the CBA Section has reviewed the draft proposals on behalf of the CBA Section.

The CBA Section is in full agreement that amendments are required to clarify fee payments and entity status.

We fully support the efforts to permit the correction of past fee payments made at the small entity rate when a higher rate (i.e., the "large entity rate") should have been paid. The CBA Section is concerned, however, that a number of questions are left unanswered by the proposed amendments. We are also concerned with the mechanism chosen in Section 4(1) of the transitional provisions, i.e., a specified short time period in which previous underpayments may be corrected and the full payment deemed to have been made at the date of the underpayment.

The *Dutch Industries* decision held that entity status has to be determined at the time of filing of a patent application and that the entity status so determined remains with the application and subsequent patent regardless of whether the applicant continues to meet the definition of a small entity.

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In order to make corrective payments, as provided for in Section 4(1) of the transitional provisions, applicants and patentees will have to identify all cases in which small entity status was incorrectly determined at the time of filing. It imposes an unrealistic burden on applicants, patentees and their agents to identify all such cases within a six-month time window. The CBA Section suggests that correction of fee underpayments should be available to an applicant or patentee at any time, provided that the Commissioner is satisfied that the incorrect payment was made due to inadvertence, accident or mistake, without any intent to deceive or mislead the public. It is undesirable that an inadvertent error in a fee payment should be exploitable as a means to invalidate an otherwise valid patent.

The CBA Section realizes that CIPO must balance fairness and certainty for the public with the interests of patentees. We submit, however, that if the public is aware that entity status fee payment corrections can be made at any time, the public will not be misled or left with any incorrect view that a patent is invalid when it is not.

A further problem raised by the *Dutch Industries* decision is that the decision is silent on whether entity status changes or remains as determined at the time of filing when an application or patent is assigned to a new owner. The CBA Section appreciates that CIPO's interpretation of the decision is that entity status does not change on assignment but we believe that the *Dutch Industries* decision is really not conclusive on this issue. We therefore recommend that the proposed amendments make it clear whether or not entity status changes on assignment to a new owner of different entity status from the original applicant.

The CBA Section would be pleased to be of further assistance if you have any questions regarding our submission. In the event that you do have questions, please contact the undersigned representative of the CBA Biotechnology Committee.

We look forward to receiving your response.

Yours truly,

(original signed by Trevor M. Rajah for Patricia Rae)

Patricia Rae
Chair , CBA Biotechnology Committee
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