IMPORTANT NOTICE: RELIEF FOR DUTCH INDUSTRIES SUFFERERS

Isabelle Girard and Daniel Smith*
LEGER ROBIC RICHARD, L.L.P.
Lawyers, Patent and Trademark Agents
Centre CDP Capital
1001 Square-Victoria – Bloc E – 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel. (514) 987 6242 – Fax (514) 845 7874
www.robic.ca – info@robic.com

In the wake of the March 7, 2003 Federal Court of Appeal's decision in the case of *Dutch Industries Ltd. v. The Commissioner of Patents, Barton No-Till Disk Inc. and Flexi-Coil Ltd.*, (2003) 4 F.C. 67 (commonly known as the "Dutch Industries" case), patent practitioners and patent holders alike were left to grapple with what appeared to be quite an ominous precedent, which could have led to the invalidation of numerous patents and patent applications on a technicality. Bill C-29, which came into force on February 1, 2006, provides a time-limited window to repair patents affected by the Dutch Industries decision.

The problem

In Canada, a reduction in official fees to be paid to the Canadian Intellectual Property Office through the life of a patent is offered to owners who qualify as a "Small Entity", that is, a company having less than 50 employees or a University.

In Dutch Industries, the Court ruled that entity size is determined only once, when the patent application process is first engaged, and does not change regardless of subsequent growth or reduction in the actual size of the entity, or of a change in ownership of the patent or patent application. That is to say, an applicant or owner qualifying as a Small Entity at the time of filing continues to pay subsequent fees according to the rate applicable to a Small Entity, for the entire life of the patent.

If it were just that this ruling contradicted the prevailing wisdom that as an entity changed size, so do the required fees, then further discussion might not be warranted. However, the Dutch Industries case has further established

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that the Canadian Intellectual Property Office lacked the legal authority to accept any so-called “top-up” payments which were made to correct payments mistakenly made under the Small Entity rate, and, in addition, that the failure to pay sufficient fees is considered a non-payment of those fees, whether by deliberate misconduct or innocent mistake, and can result in the irreversible lapse of a patent or patent application.

The remedy

Bill C-29, which received Royal Assent on May 5, 2005 and which came into force on February 1, 2006, will amend the Canadian *Patent Act* by introducing therein new section 78.6, which will make it possible to rectify past errors made in the payment of official fees to the Canadian Patent Office. According to this section, for a period starting February 1, 2006 and ending February 1, 2007, corrective payments will be accepted for each past instance where a Small Entity fee was mistakenly paid instead of the required fee applicable to any entity other than a Small Entity.

The coming into force of the section provides a unique opportunity to correct any situation where a patent or patent application is vulnerable to invalidation as a consequence of the decision of the Federal Court of Appeal in the Dutch Industries case.

In view of what appears to be, for the moment, a one-time-only offer, it is important for patent holders to review their portfolios and ensure that should corrective payments be required, they are made before February 1, 2007. In this respect, the Canadian Intellectual Property Office has taken certain initiatives in order to assist in the implementation of Bill C-29.

Firstly, the fee payment history of a patent or published patent application is now available online at the web site of the Canadian Patent Database.

Secondly, the Canadian Intellectual Property Office has already begun a mass-mailing campaign regarding implementation of Bill C-29. The owners of patents and patent applications for which at least one fee has been paid according to Small Entity rates are being notified of the situation and invited to review their patent portfolio to identify cases where corrective payments may be needed.