



MONEY, MONEY, MONEY! FEDERAL COURT OF CANADA RULES ON PAYMENT OF MAINTENANCE FEES BY ASSOCIATE AGENT

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The Federal Court of Canada recently reversed a decision by the Commissioner of Patents refusing to prosecute a patent application on the basis that the maintenance fees had been paid by a person who is not the applicant nor the patent agent of record. [*Sarnoff Corporation v. The Attorney General of Canada*, 2008 FC 712, Hughes J., June 6, 2008].

The Facts

Sarnoff Corporation filed a Canadian patent application in 1999. At the time, the firm of Gowlings was appointed as its patent agent. Gowlings paid all maintenance fees up to the fifth anniversary of the patent application on behalf of Sarnoff Corporation. In 2004, the prosecution of the application was transferred to the firm of Dimock Stratton who paid the sixth and seventh anniversary maintenance fees. These fees were received, accepted and processed by the Canadian Patent Office.

Shortly after the payment of the seventh anniversary fees, Dimock Stratton was inexplicably contacted and informed by the Patent Office that there was no record of its appointment as agent, or associate agent, despite the fact that the online Canadian Patents Database listed the firm as agent for this patent application. Dimock Stratton was further advised by the Patent Office of the abandonment of the patent application based on the fact that the maintenance fees were not paid by the appropriate person.

Dimock Stratton immediately requested the reinstatement of the application and it re-submitted the seventh anniversary fees and paid the eighth anniversary fees. The Patent Office again responded that the fees could only be paid by the authorized correspondent. Since the twelve month period for reinstatement had passed, the patent application was now deemed irrevocably abandoned. Gowlings, the former agents for Sarnoff Corporation, also sent a letter to the Patent Office requesting the reinstatement of the application and re-

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submitting the seventh and eighth anniversary fees, but the Patent Office again responded that the reinstatement period had expired and the application was irrevocably abandoned.

Sarnoff Corporation appealed the decision to the Federal Court of Canada. The question in issue was whether the Commissioner of Patents was correct in deeming that the patent application to be abandoned on the basis that the maintenance fees had been paid by an allegedly improper person.

The Federal Court Judgement

Justice Hughes was seized of the application for judicial review of the decision of the Commissioner of Patents. The main issue being one of interpretation of the law, the standard of review to be applied was that of “correctness”, thus permitting the Federal Court to substitute its decision to that of the Commissioner of Patents.

The Court began its analysis by defining each of the persons listed in the *Patent Act* and who may play a role during the course of a patent application, for example an “inventor”, an “applicant”, a “patentee”, a “legal representative”, a “patent agent”, etc. The *Patent Act* also defines an “authorized correspondent” who, according to law, is the only person with whom the Commissioner of Patents shall communicate in respect of an application. An authorized correspondent is either the inventor, (provided there is no assignment of the patent rights), or a patent agent or associate patent agent. Any act carried out by a patent agent or an associate patent agent is deemed to have the effect of an act made by or in relation to the patent applicant. If the inventor assigns its rights, then the assignee becomes the new applicant and a notice to the effect of the change in ownership, as well as the appointment of a new agent must be submitted the Patent Office. Furthermore, a patent agent may designate an associate patent agent: a notice to this effect must be submitted to the Patent Office. Nothing in the *Patent Act* states when the notice of appointment of a patent agent, or associate patent agent, must be filed into the Patent Office and what effect, if any, this may have on any actions by the applicant or its agent in respect of maintenance payments.

Where an interpretation of a statute or regulation would lead to an absurd result, or unjust consequences, that interpretation should be rejected: *Dutch Industries Ltd. v. Canada*, [2003] 4 F.C. 67.

The Court found that the evidence was far from conclusive as to whether the Dimock Stratton firm was in fact the agent, or associate agent, for Sarnoff Corporation. In this case, Gowlings had appointed Dimock Stratton as associate agent. Dimock Stratton thereafter paid the maintenance fees which were received, acknowledged and accepted by the Patent Office. Surprisingly, the Patent Office could not explain to Justice Hughes why its website clearly showed Dimock Stratton as agent of record for Sarnoff Corporation and why it repeatedly contacted this firm if the position was that Dimock Stratton was not the appropriate person to be communicating with the Patent Office on behalf of Sarnoff Corporation. The Court found that the circumstances of this case were sufficient to determine that the Commissioner of

Patents had acted unreasonably in refusing to reinstate Sarnoff Corporation's patent application.

Justice Hughes added that an unduly restrictive approach to communications with the Patent Office in respect of payments of maintenance fees does not accord with the generally accepted laws of agency. In his view, the payment of maintenance fees is a clerical matter, which does not requiring any particular skill; the applicant itself, or the applicant's named agent, should be therefore be able to pay those fees as it is ultimately up to the applicant to decide whether to keep the application alive or not. The Court further added that the seemingly minor fault of having maintenance fees actually paid, received and recorded by a firm which, at the time, may not have been the patent agent, or associate agent, of record would result in a wholly disproportionate loss of rights to a patent monopoly on this basis alone. As the fees were paid in full and on time by one agent rather than another, this was sufficient for the Court to justify its decision to set aside the Commissioner of Patents' decision.

The Court therefore ordered that the decision of the Patent Office deeming Sarnoff Corporation's patent application to be abandoned be set aside and ordered that the application be reinstated.

Conclusion

This case serves as a reminder to patent applicants, inventors and agents alike that any changes in title, or in the designation of an agent, must be properly recorded with the Patent Office without delay. A follow up is also recommended to confirm that the Patent Office has in fact properly recorded such changes. One would think that the payment of fees by any person should be sufficient to keep a patent application alive, but as this case shows, communications with the Patent Office, whether for financial or substantive matters, remains limited to those who have an interest in the application.



