

Federal Court



Cour fédérale

Date: 20240216

Docket: T-201-23

Citation: 2024 FC 259

Toronto, Ontario, February 16, 2024

PRESENT: The Honourable Madam Justice Furlanetto

BETWEEN:

ROBERT TAILLEFER

Applicant

and

**ATTORNEY GENERAL OF CANADA AND
SYLVAIN FREDETTE**

Respondents

JUDGMENT AND REASONS

[1] This proceeding involves the application of the “due care” standard in relation to the payment of annual patent maintenance fees. The “due care” standard was introduced into the *Patent Act*, RSC, 1985, c P-4 [*Patent Act*] in October 2019 to satisfy obligations under the Patent Law Treaty [PLT] – an agreement administered by the World Intellectual Property Organization [WIPO] to simplify and harmonize the administrative practices of national intellectual property offices.

[2] This is a judicial review of a December 20, 2022 decision [Decision] of the Commissioner of Patents [Commissioner] that denied the Applicant's request for reinstatement of Canadian Patent No. 2,690,767 [767 Patent] after it was deemed to have expired for failure to pay the tenth anniversary maintenance fee on the issued patent.

[3] The Commissioner was not satisfied that the failure to pay the maintenance fee by the prescribed due date occurred in spite of the due care required by the circumstances having been taken. As such, the Commissioner refused to make the determination required to reverse the deemed expiry of the 767 Patent.

[4] As set out further below, I find the Decision was reasonable and that there was no breach of procedural fairness. As such, the application shall be dismissed.

I. Background

[5] Pursuant to subsections 27.1(1) and 46(1) of the *Patent Act*, an applicant must pay annual maintenance fees to maintain a patent application and once it has issued its corresponding patent, in good standing.

[6] If the prescribed maintenance fee for an issued patent is not paid by its due date, subsection 46(3) of the *Patent Act* provides a further time-period (late fee period) of six months where a patentee may still pay the maintenance fee with a late fee to maintain the patent in good standing. The Commissioner is required to provide notice of the potential for deemed expiration where the maintenance fee and late fee are not paid by the end of the late fee period. The term of

a patent will be deemed to expire where the maintenance fee and late fee have not been paid before the later of the late fee period and the end of two months after the date when the Commissioner provides notice (subsection 46(4)).

[7] A patent that has been deemed to expire may be reinstated if the requirements of subsection 46(5) of the *Patent Act* are satisfied. To obtain reinstatement, the patentee must request reversal of the deemed expiration within 12 months after the end of the late fee period, provide an explanation for why the maintenance fee was not paid, and pay all of the requisite fees. In addition, the Commissioner must be satisfied that the failure to pay the maintenance fee “occurred in spite of the due care required by the circumstances having been taken.” The requirement for the Commissioner to be satisfied that there has been due care arises from amendments to the *Patent Act* flowing from Canada joining the PLT.

[8] The Applicant, Robert Taillefer, and the Respondent, Sylvain Fredette, are named inventors and owners of the 767 Patent, titled “Wide Ice Resurfacing Machine”. The 767 Patent is a patent for an ice resurfacing machine (traditionally called a “Zamboni”) that is described as having the capacity to resurface a wider surface area than traditional ice resurfacing machines. Mr. Taillefer is alleged to have implemented the invention claimed in the 767 Patent on the skating surface on the Rideau Canal. His patent portfolio consists of two patents, one of which is the 767 Patent.

[9] The application for the 767 Patent was filed on January 21, 2010 and issued to patent on January 19, 2016. It has been managed from the outset by a patent agency firm [Agent] appointed by the Applicant.

[10] Beginning in 2012, the Applicant was required to pay annual maintenance fees for the 767 application and then the 767 Patent, pursuant to subsections 27.1(1) and 46(1) of the *Patent Act*. The maintenance fees were due on or about January 20th of each year. The arrangement between Mr. Taillefer and his Agent was that the Agent required instructions from Mr. Taillefer before paying the annual maintenance fee.

[11] From 2010 to 2019, Mr. Taillefer and his Agent consistently communicated by email, including starting in 2012 with respect to payment of the annual maintenance fee. Communication was made with Mr. Taillefer through the same email address for the full time period.

[12] In accordance with the Agent's usual practice of paying the maintenance fee in advance of the deadline, the Agent sought instructions for payment of the January 20, 2020 maintenance fee early, by sending correspondence to Mr. Taillefer's email five months before the deadline, on September 18, 2019.

[13] In the case of the 2020 maintenance fee, when no response was received, further reminders were sent to Mr. Taillefer by email on December 17, 2019, January 6, 2020 and

January 20, 2020. The reminder emails indicated that the maintenance fee would not be paid without specific instructions to do so.

[14] As instructions were not received, the Agent did not pay the maintenance fee by January 20, 2020.

[15] On March 31, 2020, the Agent sent email correspondence to Mr. Taillefer, advising that payment had not been made and that the deadline for correction through payment of a late fee was July 21, 2020. Two further communications were sent to Mr. Taillefer's email as reminders on July 16, 2020 and July 17, 2020.

[16] On October 20, 2020, the Agent notified Mr. Taillefer by email of correspondence received from the Canadian Intellectual Property Office [CIPO] advising that the 767 Patent was deemed expired. On October 29, 2020, Mr. Taillefer found the correspondence in his junk email folder and instructed the Agent to seek reinstatement of the 767 Patent.

[17] On November 16, 2020, the Agent filed a request to reinstate the 767 Patent under subsection 46(5) of the *Patent Act*, along with payment of the required fees. Included in his request, the Agent provided background relating to the email correspondence sent to the Applicant regarding the outstanding fee payment and explained that the emails were only found in the Applicant's junk folder on October 29, 2020. The Agent indicated that "[t]o the best of his knowledge, the patent owner did not take any actions which would cause [the] emails to be directed to his junk folder, and had no reason to regularly check his junk folder for relevant

emails.” The Agent highlighted that prior maintenance fees had always been paid ahead of the deadline and that the Applicant acted immediately upon learning that the 767 Patent was deemed expired.

[18] On August 3, 2021, the Manager of Patent Policy at CIPO, acting for and on behalf of the Commissioner, advised the Agent that the Commissioner intended to refuse the request to reinstate the 767 Patent under subsection 46(5) of the *Patent Act* by providing a preliminary response to the Agent’s request for reinstatement [Preliminary Decision]. The Agent was invited to submit a response to the Preliminary Decision before a final decision was made, and submitted a further response on August 31, 2021 [Response].

[19] On December 20, 2022, the Commissioner issued the Decision, refusing the Applicant’s request to reverse the deemed expiry of the 767 Patent. The Commissioner indicated that they were “not satisfied that the failure to pay the prescribed fees on or before the due date occurred in spite of the due care required by the circumstances having been taken” and that the patentee had failed to meet the due care standard as enacted in paragraph 46(5)(b) of the *Patent Act*.

[20] While the Commissioner found that there was an unexpected breakdown in communication between the Applicant and Agent, they did not find that the Applicant had taken all measures that a reasonably prudent patent holder would have taken given the set of circumstances to avoid the failure, and for the failure to have occurred despite having taken those measures.

II. Issues and Standard of Review

[21] There are two broad issues raised by this application. First, was the Decision reasonable; and second, has there been a breach of procedural fairness.

[22] Reasonableness is the presumptive standard of review of the merits of a decision: *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [*Vavilov*] at paras 23-25. It is a deferential but robust standard that reflects the legislature’s intent with respect to the role of the reviewing Court, which is not to conduct a *de novo* review of an administrative decision, or to determine whether they would have arrived at the same outcome, but which finds its starting point in judicial restraint: *Vavilov* at paras 23-25, 75, 83. Reasonableness review focusses on whether the decision is “based on an internally coherent and rational chain of analysis” that is “justified in relation to the facts and law that constrain the decision maker”: *Vavilov* at para 85; *Canada Post Corp v Canadian Union of Postal Workers*, 2019 SCC 67 at paras 2, 31. A decision will be reasonable if when read as a whole and taking into account the administrative setting, it bears the hallmarks of justification, transparency, and intelligibility: *Vavilov* at paras 91-95, 99-100.

[23] Questions of procedural fairness ask whether the procedure was fair having regard to all of the circumstances with the ultimate question being whether the applicant knew the case it had to meet and had a full and fair chance to respond: *Canadian Pacific Railway Company v Canada (Attorney General)*, 2018 FCA 69 at paras 54, 56.

[24] The Applicant takes issue with the standard of due care applied by the Commissioner. He asserts that the Decision is both objectively unreasonable as the Commissioner applied a standard of due care other than that of a reasonable patentee, and procedurally unfair as the Commissioner applied a different standard of due care than the standard communicated to the public (through the Manual of Patent Office Practice [MOPOP]) and to the patentee. He argues that the Commissioner applied illogical and confusing reasoning that was both unreasonable and procedurally unfair as it prevented Mr. Taillefer from knowing the case he had to meet. He further asserts that the delay in rendering the Decision was procedurally unfair.

III. Analysis

A. *The standard of due care*

[25] In the Decision, the Commissioner refers to the standard of due care as being “whether the patentee took all measures that a reasonably prudent patentee would have taken, given the particular set of circumstances to avoid the failure – and despite taking those measures – the failure nevertheless occurred.” The Commissioner makes reference to section 27.03 of the MOPOP as authority for this view, which recites the same standard of due care, noting that regard must also be given to paragraph 166M of the WIPO, Patent Cooperation Treaty (PCT) Receiving Office Guidelines [Guidelines], while acknowledging that no two cases will have identical sets of facts or circumstances.

[26] As set out in section 27.03.06 of the MOPOP, the Commissioner is to consider whether anything else could have been reasonably expected to have been done to avoid the failure in view

of the surrounding circumstances, as well as the customary diligence that a prudent party would have exercised in the circumstances:

The Commissioner will review the reasons for the failure to pay the maintenance fee and the late fee to determine whether the failure occurred in spite of the due care required by the circumstances having been taken. In making a determination of whether the failure occurred in spite of the due care required under the circumstances having been taken, the Commissioner will consider whether anything else could have been reasonably expected to have been done to avoid the failure while taking into consideration the particular set of circumstances surrounding the failure to take the required action. Measures taken by the patentee after the failure occurred will not be taken into consideration in making the determination. In making this determination, the Commissioner will consider the customary diligence that a prudent party would have exercised in the circumstances.

In making this determination, the Patent Office will have regard to considerations that are taken into account by the International Bureau and Receiving Offices as described in paragraph 166M of the Receiving Office Guidelines, while acknowledging that no two cases have identical sets of facts or circumstances.

[27] Like the Commissioner, section 27.03.06 makes reference to paragraph 166M of the Guidelines, which although relevant to priority patent documents, provides guidance as to steps that might be considered reasonable, including during a communication breakdown between a patentee and their agent. Paragraph 166M(d) states the following with respect to miscommunication between an applicant and their agent:

(d) Miscommunication between the Applicant and the Agent

Where the applicant appoints an agent, both the applicant and the agent must act with “due care” in their communication with each other. A prudent applicant instructs the agent in a clear and timely manner to file the international application. A prudent agent acts upon instructions received from the applicant and clarifies with the applicant in case of doubt. A prudent agent advises the applicant of all important matters in relation to the timely filing of an international application and the consequences of a late filing in a clear manner. A prudent applicant or agent finds alternative ways

to communicate with the other person if the usual communication channels fail. Where the failure to timely file an international application was caused by technical difficulties (e.g. unexpected email delivery failure between the applicant and the agent), both the applicant and the agent may have acted with “due care” if they can demonstrate that the system had worked reliably in the past and that the breakdown could not have been anticipated by either party.

[28] The Applicant argues that the Commissioner applied a higher standard than the one conveyed to the Applicant and set out in the MOPOP. He refers to two primary passages from the Decision to support his argument. First, the Applicant refers to the statement in the Decision that to establish due care it was expected that “all possible actions” would be taken. While the Applicant asserts that this is a higher standard than “all measures that a reasonably prudent patentee would have taken”, I agree with the Respondent, this statement must be read in context.

[29] As stated by the Commissioner, “to show due care, it is expected to take “all possible actions”, considering the circumstances of the case”. [emphasis added] The Commissioner refers consistently throughout the Decision to the reasonably prudent patentee as being the perspective from which such actions and the standard are to be considered. Although the same words are not repeated each time, in my view when read in context, it is clear that the reference to “all possible actions, considering the circumstances of the case” is the same standard as that stated in the MOPOP, which requires “all measures” that a reasonably prudent patentee would have taken in the circumstances.

[30] Second, the Applicant points to the Commissioner’s characterization of one of the arguments made by the Applicant in their Response, where the Commissioner states: “The

standard of due care doesn't require 'all that was possible', as suggested by the [Preliminary Decision]. Due care is generally understood to mean appropriate measures, reasonable or unreasonable, whereas "all that was possible" suggests that any and all measures, reasonable or unreasonable." The Applicant asserts that this is a mischaracterization of their argument and is reflective of the higher standard that was applied – *i.e.*, one that required both reasonable and unreasonable measures. I do not find this argument persuasive.

[31] This section of the Decision is simply a summary of arguments made by the Applicant. It does not reflect the analysis applied by the Commissioner in the Decision. The interpretation of the standard is consistent throughout the Decision. It is, in my view, the same standard as that published in section 27.03 of the MOPOP. It is one that requires all measures that a reasonably prudent patentee would have taken, given the set of circumstances related to the failure, to avoid the failure, and for the failure to have occurred despite having taken those measures. There is no suggestion that the Commissioner was looking to unreasonable measures and for the reasons I stated earlier, I do not view the Commissioner's reference to "all possible actions, considering the circumstances of the case" to be inferring this.

B. *Was the application of the standard of due care unreasonable or procedurally unfair?*

[32] The Applicant relies on the example cited in the passage from paragraph 166M(d) of the Guidelines (*i.e.*, an unexpected email delivery failure between the applicant and the agent) to argue that where it is demonstrated that a system of email communication worked reliably in the past, and that the breakdown could not have been anticipated, due care should be found. He argues that it was both unreasonable to find otherwise and procedurally unfair, as the reference to

section 27.03 of the MOPOP and the example provided in paragraph 166M(d) created a legitimate expectation as to a standard that would be followed and if the conditions in the example were satisfied that due care would be found. In my view, neither of these arguments can succeed.

[33] First, I do not consider this to be an issue of procedural fairness. I agree with the Respondent that the same standard of due care that was identified in the Decision was set out in the Preliminary Decision. The Applicant was provided with notice of this standard and of the Commissioner's concerns in the Preliminary Decision and was provided with an opportunity to respond. The communication of the standard to the Applicant does not give rise to an issue of procedural fairness. Any issue with the application of the standard within the Decision relates to substantive review of the Decision and the standard of reasonableness.

[34] It is also my view that the doctrine of legitimate expectations does not apply here. The example provided in paragraph 166M(d) does not create a clear and unqualified framework for the handling of reinstatement requests, and thus a legitimate expectation as to a procedural framework or anticipated result: *Agraira v Canada*, 2013 SCC 36 at paras 94-95; *Congrégation des témoins de Jéhovah de St-Jérôme-Lafontaine v Lafontaine (Village)*, 2004 SCC 48. Rather, the reference to paragraph 166M was intended to serve as a non-limiting guideline only.

[35] Paragraph 166M(d) does not state that in all circumstances where there is an unexpected email delivery failure between the applicant and agent that both the applicant and agent "will" be found to have acted with due care. To the contrary, the example expressly uses the word "may"

instead of “will” – “both the applicant and the agent may have acted with “due care” if they can demonstrate that the system had worked reliably in the past and that the breakdown could not have been anticipated by either party.” [emphasis added]

[36] As stressed in the preamble to paragraph 166M, and by the Commissioner in the Decision, each case will turn on its own facts and the issues must be decided on a case-by-case basis. The examples provided were not intended to be binding and those found in the Guidelines were formulated to address international priority filings, not communications relating to the payment of annual maintenance fees.

[37] Further, the Applicant has also taken too restrictive a view of paragraph 166M(d) by focussing exclusively on the example without noting the remainder of the text. As set out in the preceding sentence to the example in paragraph 166M(d) of the Guidelines, “[a] prudent applicant or agent finds alternative ways to communicate with the other person if the usual communication channels fail.” While unexpected technical difficulties “may” justify the failure to meet a deadline in certain circumstances, I agree with the Respondent, such difficulties do not relieve the responsible parties from adopting other common sense measures to ensure that they maintain effective communication in the face of important deadlines.

[38] In the Decision, the Commissioner acknowledged the explanation given by the Agent in their Response as to the circumstances around the failure to pay the maintenance fee, the efforts made by the Agent to remind the Applicant of the due date through email, and the unanticipated nature of the email correspondence going to the junk folder when correspondence to the same

email address had been used reliably for years as the method of communication. However, the Commissioner found that the efforts made by the Agent and the Applicant as described in the Response, were limited and insufficient to meet the standard of due care in the circumstances at issue.

[39] The Commissioner noted that the Response only focussed on email communication efforts to reach the Applicant and did not describe “any other action that was taken, or even considered, by the agent or the patentee, to ensure that communication channels remain[ed] effective and the Fees [we]re paid on time, despite the circumstances surrounding [the] case.” The Agent did not describe any other supporting mechanisms in place to mitigate the risk associated with the primary channel of communication between the Applicant and Agent. Nor was there any information provided in the Response to address whether the Applicant had a system in place to monitor payment of the maintenance fee, or how email communication was managed to ensure it remained effective.

[40] In this instance, it is relevant that the email failure did not relate to a single piece of correspondence between the Agent and Applicant, but rather a string of email reminders and reporting emails that spanned over a year. The communication related to the payment of an annual maintenance fee upon which correspondence and instructions were required to complete payment and for which correspondence between the Applicant and Agent was critical.

[41] In the circumstances applicable here, on a substantive review, it is my view that it was reasonable for the Commissioner to have looked at steps that could have avoided the

communication failure and to have expected that the Agent would have additional communication mechanisms in place to make sure they could always correspond with the Applicant. It was likewise reasonable to have expected that in circumstances where numerous notices from the Agent had gone unanswered and where non-compliance could lead to expiry of patent rights that these alternative measures would have been used to ensure that the patentee was aware of the deadlines at issue. Particularly as there had been a consistent pattern of payment since 2012.

[42] Similarly, in my view it was reasonable for the Commissioner to expect that a reasonably prudent patentee would have a system in place to make sure that their email was operating effectively if they were relying on this as the primary communication means to pay their maintenance fees. This is especially so as the Applicant retained the responsibility to instruct the Agent on a yearly basis to pay the maintenance fee. Having retained this responsibility, it was reasonable for the Commissioner to find that it was incumbent on the Applicant to exercise due care to ensure that his email was properly receiving messages so that he could provide instructions to the Agent in a timely manner.

[43] While the Applicant may disagree with the Commissioner's consideration of the facts, disagreement does not constitute a reviewable error.

C. *Was the Decision illogical and confusing?*

[44] The Applicant argues that the Decision is illogical and confusing. In my view, this is again an issue of reasonableness rather than one of procedural fairness.

[45] As to the standard of due care applied, for the reasons already stated I do not consider there to be any confusion in the Decision. Nor do I consider the Decision to be inconsistent or contradictory with paragraphs 166K or 166M(a) of the Guidelines.

[46] Paragraph 166M(a) of the Guidelines provides that, “[a] prudent applicant acquires the requisite knowledge of the PCT system in order to be able to timely file a complete international application and/or appoints a competent agent to file on his behalf if the applicant lacks the requisite knowledge.” As set out in paragraph 166K, the appointment of a qualified representative, or agent, under normal circumstances is generally sufficient to satisfy the criterion of “due care”.

[47] However, where the Applicant retains the right to provide instructions on services, it was reasonable for the Commissioner to find that the Applicant must ensure the communication system between themselves and their Agent is working so that reporting can be made and instructions given. Both the Agent and the Applicant must ensure that mitigation systems are in place so that the Agent’s role can be completed.

[48] As noted by the Respondent, this is consistent with International Bureau practice when assessing due care (Annex III of WIPO’s PCT Working Group document, PCT/WG/5/13 dated April 5, 2012), which refers to an applicant’s obligation when selecting an agent, to not only appoint a well trained and qualified representative, but also to ensure that prudent action is taken with respect to instructions and arrangements for filings.

[49] While the Commissioner highlights a void in the Response in the failure to describe any efforts from the patentee to pay the fees on time, this is not, in my view, contradictory to paragraphs 166K or 166M(a). Rather, it is reflective of the expectation that the Applicant would have been aware of the yearly maintenance fee for the 767 Patent, its importance, and the need to provide instructions for its payment and would have made checks of his email system, and of his Agent, when the regular notice for maintenance fee payment had not been received.

D. *Has there been a breach of procedural fairness because of delay?*

[50] The Applicant notes that 764 days elapsed between the date of the request for reinstatement of the 767 Patent and the issuance of the Decision: there were 260 days between the Agent's request for reinstatement of the 767 Patent and the Preliminary Decision; and 476 days after the Response was filed until the Decision was issued. However, only one month was provided to respond to the Preliminary Decision. The Applicant asserts that this timing was unreasonable, unfair, and prejudicial to the Applicant and to third parties.

[51] The Applicant argues that he faced the risk of third party infringement during the delay period for which he has no remedy in view of the safe harbour provision under section 55.11 of the *Patent Act*. However, there is no evidence of any actual third party infringers.

[52] In *Blencoe v British Columbia (Human Rights Commission)*, 2000 SCC 44, the Supreme Court of Canada set out a three-step test to determine whether delay that does not affect hearing fairness nonetheless amounts to an abuse of process. To satisfy the first two parts of the test, the delay must be inordinate and must have directly caused significant prejudice: *Law Society of*

Saskatchewan v Abrametz, 2022 SCC 29 [*Abrametz*] at para 43. As prejudice is a question of fact (*Abrametz* at para 69), evidence is necessary to establish that an administrative delay amounts to an abuse of process of the principles of procedural fairness.

[53] While the result of the 767 Patent lapsing is undoubtedly unfortunate for the Applicant, he has not provided any evidence to establish that there was direct prejudice as a result of delay in the decision-making process. As such, there is no basis to conclude that there was an abuse of process through unreasonable delay.

IV. Conclusion

[54] For all of the above reasons, the application is dismissed.

[55] Given that this is the first judicial review in which the “due care” provisions under subsection 46(5) of the *Patent Act* have been substantively considered I will not award costs for the application.

JUDGMENT IN T-201-23

THIS COURT'S JUDGMENT is that:

1. The application for judicial review is dismissed.
2. There shall be no order as to costs.

"Angela Furlanetto"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

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APPEARANCES:

Timothy M. Lowman
Amy Grenon

FOR THE APPLICANT

Laura Tausky
James Stuckey

FOR THE RESPONDENTS

SOLICITORS OF RECORD:

Aird & Berlis LLP
Barristers and Solicitors
Toronto, Ontario

FOR THE APPLICANT

Attorney General of Canada
Toronto, Ontario

FOR THE RESPONDENTS