

Federal Court



Cour fédérale

Date: 20101215

Docket: T-299-10

Citation: 2010 FC 1288

Ottawa, Ontario, December 15, 2010

PRESENT: The Honourable Mr. Justice Lemieux

BETWEEN:

REPLIGEN CORPORATION

Applicant

and

ATTORNEY GENERAL OF CANADA

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

I. Introduction and Background

[1] The setting for this judicial review application is section 46 of the *Patent Act* (R.S., 1985, c. P-4) (the “Act”) which compels the payment of prescribed maintenance fees in order to keep a Canadian issued patent alive as well as section 8 of that same Act which provides “that clerical errors in any instrument of record in the Patent Office do not invalidate the instrument but may be corrected under the authority of the Commissioner”.

[2] The crux of this case is the fact that Repligen Corporation (Repligen), the owner of the 1, 341, 486 issued patent (the '486 patent), via Computer Patent Annuities Ltd (CPA), made the payments of the prescribed maintenance fees, but unfortunately when doing so, CPA, in the transmitting form crediting the payment, cited the wrong patent number of the issued patent but did correctly cite Repligen as the owner of the patent (the patentee).

[3] Repligen's patent was issued under Patent Number 1, 341, 486 on July 19, 2005; it is titled "Modified Protein A". The application for patent was filed on March 4, 1988 and is subject, pursuant to Section 10 of the Act, to the *Patent Act* as it read before October 1, 1989. It was open for public inspection as of July 19, 2005. When CPA transmitted the required maintenance fees for the second and third anniversary dates of the issued patent, it did so, as instructed by Repligen's patent attorney in the US, who had received the wrong patent reference number from its former Canadian patent agents; these agents identified Repligen's patent not as the 1, 341, 486 patent but the 1, 314, 486 by inverting the 314 for the 341.

[4] On August 30th 2007, the Canadian Intellectual Property Office (CIPO) sent to Repligen's former Canadian patent agents a Maintenance Fee Notice which identified the Patent No. as the 1, 341, 486; the patent owner as Repligen Corporation; the amount due as \$300 and the anniversary date as 2007/07/19. CIPO's notice read:

The fee payable to maintain the rights accorded by the above patent was not received by the indicated anniversary date.

In order to prevent the patent lapsing, the above amount due which includes the required fee and a late payment fee, must be paid within **twelve months** of the indicated anniversary date. A lapsed patent may be not revived.

Please disregard this notice if you have already submitted the required fee.

Should you require more information, please do not hesitate to contact the Canadian Patent Office at (819) 953-8095.

[Emphasis added]

[5] The Certified Tribunal Record (CTR) for the issued '486 patent does not show any response to this Notice. CIPO, in its database, indicated that the '486 patent had lapsed on July 21, 2008 for failure to pay the required maintenance fee.

[6] On April 23, 2009, MBM Intellectual Property Law LLP (MBM), new Canadian patent agents for Repligen's '486 patent, wrote to CIPO referring the patent as the 1, 341, 486 patent; it enclosed the necessary documents confirming its appointment and advised CIPO that the Commissioner was authorized "to obtain payment from MBM's Visa Account" and if the Applicant had failed to address any additional required fees, the Commissioner was authorized to debit MBM's Visa account for whatever additional sum of money is needed to effect payment of any additional fees set out in Schedule II of the *Patent Rules* (SOR/96-423) (the "*Rules*").

[7] In that letter, MBM advised CIPO "it is believed that this application is in good standing [adding] if however, this application is abandoned then by this letter we request reinstatement of this application".

[8] After MBM realized from CIPO's database that the '486 patent had lapsed, it sought to rectify the matter on June 2, 2009 by forwarding a letter CIPO titled "Section 8 Corrections". It

noted CIPO's database indicated the 1, 341, 486 patent had lapsed. It submitted this patent is "in good standing and requests that the status of the patent be corrected".

[9] In its June 2, 2009 letter to the Commissioner, MBM enclosed two affidavits: one from Repligen's US patent attorneys and the other from CPA's patent attorney's showing "the maintenance fee due on the second and third anniversaries... were timely paid" by CPA, but as a result of an inadvertent clerical error, two numbers in the patent serial number were transposed". It added Repligen was correctly identified as the patentee and submitted CPA made the payments on February 4, 2007 (received by CIPO on February 8th 2007) and on February 3, 2008 (received by CIPO on February 8, 2008). It requested that the incorrect patent number due to a clerical error in CPA documents transmitting payment be amended to reflect the correct patent identification number. MBM also noted the "date", "year", and "fee" were generated based on the incorrect patent number and, as such, the patentee also wished to correct this information. It authorized the Commissioner to debit its Visa account with the sum of \$400 as per Schedule II of the *Patent Rules*, but that if there were additional fees to be paid, the Commissioner was also authorized to debit those as set out in Item 32 of Schedule II of the *Patent Rules*.

[10] On February 4, 2010, the Commissioner pursuant to section 8 of the Act denied Repligen's request for correction, hence this judicial review application

[11] To complete the factual record, the CTR shows that on July 8, 2009, MBM paid the '486 patent's 4th anniversary fees of \$100. That payment was refused by CIPO on July 19, 2009. CIPO said Repligen's former agents were advised that the '486 patent was "about to lapse on July 19,

2007 due to “non-payment of the maintenance fee” and that “as the 2nd year payment and the late fee payment were not received within the prescribed twelve month period, the patent has now lapsed”. MBM was advised the fee of \$100 would be refunded on request. Similarly, MBM was advised its appointment as agent was revoked because the ‘486 patent had lapsed.

II. The relevant legislation

[12] Section 46 of the Act deals with the payment of maintenance fees to the Commissioner of Patents and the consequences of non-payment. It reads:

Maintenance fees

46. (1) A patentee of a patent issued by the Patent Office under this Act after the coming into force of this section shall, to maintain the rights accorded by the patent, pay to the Commissioner such fees, in respect of such periods, as may be prescribed.

Lapse of term if maintenance fees not paid

(2) Where the fees payable under subsection (1) are not paid within the time provided by the regulations, the term limited for the duration of the patent shall be deemed to have expired at the end of that time.

[Emphasis added]

Taxes périodiques

46. (1) Le titulaire d'un brevet délivré par le Bureau des brevets conformément à la présente loi après l'entrée en vigueur du présent article est tenu de payer au commissaire, afin de maintenir les droits conférés par le brevet en état, les taxes réglementaires pour chaque période réglementaire.

Péremption

(2) En cas de non-paiement dans le délai réglementaire des taxes réglementaires, le brevet est périmé.

[13] Section 8 of the Act dealing with clerical errors reads :

Clerical errors

Erreurs d'écriture

8. Clerical errors in any instrument of record in the Patent Office do not invalidate the instrument, but they may be corrected under the authority of the Commissioner.

8. Un document en dépôt au Bureau des brevets n'est pas invalide en raison d'erreurs d'écriture; elles peuvent être corrigées sous l'autorité du commissaire.

[Emphasis added]

III. The Commissioner's decision

[14] In her February 4th 2010 decision, the Commissioner first ruled that identifying the patent as the 1, 314, 486 patent rather than of the 1, 341, 486 patent in the "Payment of Maintenance Fees Form" sent by CPA to the CIPO was a clerical error according to the relevant jurisprudence.

However, she ruled she had a discretion:

[...] [not being] obliged to allow the correction [if] it has been determined that a clerical error exists. In this circumstances, the Office does not consider that it would be an appropriate exercise of discretion to effect the requested correction."

[Emphasis added]

[15] She expanded her decision by stating "[a]s an aside, the payment of maintenance fees for issued patents is a statutory requirement under Section 46 of the *Act* and Section 182 of the *Rules* and then added:

Late payment of the maintenance fees is permitted if the past due fee is paid within the twelve-month period covered by the fee and is accompanied by the prescribed late payment fee. Once lapsed a patent cannot be revived beyond this period. The time limit for payment of maintenance fees cannot be extended beyond this period of grace. Therefore, as a courtesy, on July 19, 2007, the Office mailed a notice stating that the patent was about to lapse.

[Emphasis added]

[16] The Commissioner concluded:

Nevertheless, the delay in addressing the errors has resulted in an extensive period of time where third parties may have relied upon publicly available documents and the information contained therein. The Office record reflected that as of July 21, 2008, the exclusive right to make, use, or sell the invention ceased in reference to Canadian patent no. 1,341,486. Therefore, effecting said correction has the potential to negatively affect the rights of others.

[Emphasis added]

IV. The arguments

A. *On Behalf of Repligen as Set Out in its Memorandum*

[17] In its memorandum Repligen's Counsel raised two issues concerning the exercise by the Commissioner of her discretion in this case.

[18] The first argument is whether the Commissioner erred in refusing to remedy the clerical error in its agent's transmission of payment of maintenance fee document by (1) wrongfully fettering her discretion (2) by considering extraneous and immaterial considerations and (3) committing a breach of natural justice by not providing Repligen with an opportunity to respond to her concerns.

[19] I will give no further consideration to this first argument because it was abandoned by Counsel for Repligen at the hearing.

[20] The second written argument is whether, because of the actual tender and receipt of the applicable maintenance fees, the '486 patent is still in good standing regardless of the Commissioner's refusal to amend the clerical error.

[21] Counsel for Repligen submits that a finding of a clerical error in this case has the legal effect that the payments made by Repligen towards Canadian Patent No. 1, 314, 486 were in law correctly tendered towards Canadian patent No. 1, 341, 486 as was always Repligen's intention. He argues the maintenance fees were thus tendered in full and on time to the Commissioner who received and kept them.

[22] According to Counsel, the Commissioner has an obligation under section 4 of the Act to ensure the records of CIPO are accurate. It follows, therefore, that the Commissioner cannot refuse to record the fact of payment in the records of CIPO in favour of the '486 patent. He relies on my colleague Justice Robert Barnes' decision in *Procter & Gamble Co. v Canada (Commissioner of Patents)*, 2006 FC 976 (*Procter & Gamble*) for the proposition the refusal of the Commissioner of Patents in the particular factual matrix before him constituted an error of law and ordered the Commissioner to amend the records of the Patent Office pertaining to the Didrocal patent to reflect a date of issuance of June 18, 1996. Justice Barnes further held that, given his finding the relevant patent was actually issued on June 18, 1996, in his view "it would be somewhat incongruous if the Commissioner did not have the discretionary authority under section 8 of the Act to amend the Patent Office records accordingly". In sum, Counsel for the Applicant argues the '486 patent must be deemed to be in good standing.

[23] It is this second issue that Counsel for Repligen expanded in oral argument before me but with a particular twist.

B. *The Applicant's Oral Argument at the Hearing*

[24] In oral argument, he argued the Commissioner failed to properly interpret section 46 of the Act resulting in asking herself the wrong question when analyzing Repligen's correction request.

[25] He argues section 46 of the Act is clear. It obliges the owner of a patent i.e. the patentee of a patent; in French "le titulaire d'un brevet" to pay prescribed fees and it is only if and when such fees payable are not paid within the prescribed time that the term of the patent shall be deemed to have expired at the end of the prescribed time for payment.

[26] He argues the Commissioner was wrong to say the maintenance fees were not paid by Repligen on the '486 patent. CPA's payment which the Commission does not deny receiving were specifically made on behalf of the named owner Repligen. Moreover in its request for correction Counsel specifically so stated. In the circumstances of this case there was no discretion for the Commissioner to exercise, Counsel argued.

[27] In addition, he argues there is nothing in section 46 of the Act which requires maintenance fee payments to be made by reference to the number under which the patent was issued nor is that requirement found in section 182 of the *Rules*. He buttressed this argument by a reference to section 7 of the *Rules* which provides that communications addressed to the Commissioner in relation to an application shall include the application number, if one has been assigned. He contrasted this requirement with a reference to section 182 of the *Rules* dealing with Maintenance Fees which does not contain a similar requirement in respect of issued patents.

C. On Behalf of the Respondent as Set Out in her Memorandum

[28] The Respondent's arguments are premised on the proposition the required maintenance fees for the '486 patent were not paid within the prescribed time (including the grace period). By the operation of law subsection 46(2) provides "where the fees payable under subsection (1) are not paid within the time provided by the regulations the term limitation for the duration of the patent expires at the end of that time." It is the law that dictates this result; the Commissioner has no discretion in the matter.

[29] Counsel for the Respondent explains the Applicant failed to understand the Commissioner gave two reasons for not correcting the clerical error (1) she first determined that the Act does not provide her with the discretion to reinstate a lapsed patent after the grace period to pay maintenance fees is over. The Act sets the deadlines for payment of the maintenance fees and Parliament told her what happens if they are not paid within the time established by the regulations; (2) in terms of her discretionary decision, she decided not to correct the clerical error taking into account two factors (a) the extensive period of delay before trying to correct that error and (b) the potential for the rights of others to be negatively affected. These were not extraneous considerations and submits are well supported by the jurisprudence of this Court.

[30] In response to the Applicant's written argument the '486 patent was in good standing regardless of the clerical error, Counsel for the Respondent argues that the '486 patent is not in good standing regardless of the Applicant's intention to pay the maintenance fee or the Commissioner's determination that a clerical error had been made. She argues the '486 patent lapsed "because of the

maintenance fees were not paid for the correct patent and cannot be reinstated since the grace period to pay the maintenance fees provided for in the Act had expired.

[31] She submitted the Commissioner did not have a legal duty to correct the Applicant's error; the jurisprudence is very clear on the point that she had the discretion to do so particularly when it was the Applicant's responsibility to ensure the information it provides to the Commissioner is correct, citing the Federal Court of Appeal's decision in *Bristol-Myers Squibb Co. v Canada (Commissioner of Patents)* (1998), 82 C.P.R. (3d) 192 at para. 30 (*Bristol-Myers*).

[32] She argues the Applicant's reliance on Justice Barnes decision in *Proctor & Gramble* for the principle that "a finding of a clerical error has the legal effect of a finding that the payments made by Repligen towards patent 1, 314, 486 were in law correctly made towards the 1, 341, 486 patent is misplaced because that case is distinguishable from the instant case. That case was about the refusal to amend the recorded date of the issuance of a patent where my colleague found the Commissioner had erred when she determined, in that case, the mistake was not a clerical error. It was not strictly a Section 8 case.

D. Counsel for the Respondent's Oral Argument

[33] Counsel for the Respondent did not challenge the Applicant's assertion that CPA had forwarded payment in a timely matter of the required maintenance fees to CIPO for the second and third anniversary dates of the '486 patent, nor did she say CIPO had not received those fees within the prescribed time. She did argue, however, those fees were not paid to the correct patent. She indicated to the Court she had a brief opportunity to make inquiries of CIPO with respect to the

outline of argument which Counsel for the Applicant had informed her he would put forward to the Court.

[34] All she could inform the Court was that there was a patent issued under serial number 1, 314, 486 and that file contained the payment sheets CPA had sent as maintenance fee payments for Repligen's patent. She had no further information.

[35] In response to the oral submissions advanced by Counsel for the Applicant, her basic argument was that there was no evidence in the Applicant's Record to show the correct maintenance fee had been submitted by CPA. She pointed out the correction requested by Repligen was not only to correct the inverted serial numbers but also to correct the amount of the required fee which might have been generated by referring to a different issued patent.

[36] She also stressed the fact that the onus was on the Applicant to furnish correct information citing *Actelion Pharmaceuticals Ltd. v Canada (Attorney General)*, 2008 FCA 90 at para.12 and emphasized the fact here there was no error made by the Patent Office. In any event, she submitted the patent had lapsed after the end of the grace period.

V. Analysis

A. *The Standard of Review*

[37] The Supreme Court of Canada in *Dunsmuir v New Brunswick*, [2008] 1 S.C.R. 190, reformed the standard of review analysis by ruling that, in judicial review matters, there are only two standards of review: correctness or reasonableness. Generally, the correctness standard applies

where matters of statutory interpretation which are questions of law are at the core of the decision while the reasonableness standard applies where the central question is one of fact, discretion or policy (see *Dunsmuir*, at paras. 53 and 66). In *Scannex Technologies LLC v Canada (Attorney General)*, 2009 FC 1068, my colleague Justice Tremblay-Lamer, in a case involving section 8 of the Act, ruled that the interpretation of section 8 was a legal question reviewable on a correctness standard while its application to the facts of the case is a question of mixed fact and law reviewable on a standard of reasonableness. I agree.

B. *Considerations*

[38] The decision under review in this judicial review application is one made by the Commissioner pursuant to section 8 of the Act at Repligen's request for a correction to two cover sheets which accompanied the payment of the maintenance fees for the second and third anniversaries of the '486 patent; those cover sheets contained an incorrect reference to the patent's serial number.

[39] Ever since the Federal Court's decision by Justice Mahoney, as he then was in *Bayer AG v Canada (Commr of Patent)*, [1981] 1 F.C. 656, a decision endorsed by the Federal Court of Appeal in *Bristol-Myers Squibb*, above, upholding my colleague Yvon Pinard's in *Bristol-Myers Squibb Co. v Canada (Commissioner of Patents)* (1997), 77 C.P.R (3d) 300, it has been settled law that the Commissioner's decision under section 8 of the Act involves two determinations (1) first, a determination whether the error or mistake is a clerical error and (2) if so, whether in the exercise of discretion the error should be corrected.

[40] The *Bristol-Myers* case, above, is analogous to the one at hand. In that case, the Commissioner had determined the error sought to be corrected was a clerical one – inadvertently deleting from the claim for priority of a U.S. patent. However, the Commissioner refused to correct the omission. The Commissioner had decided:

It is accepted that in the present case the error is clerical in nature. However, an error whose correction at the present time would pre-date a priority request by some six months for an application filed in 1993 cannot be accepted for the following reasons:

- according to the Rules applicable at the time of filing [New Rule 142], the request for priority had to be submitted within 6 months of the filing date;
- the application has been opened to public inspection based on the date of the priority request, and the accuracy and reliability of the information of the opened document is an essential part of that procedure;
- following the opening of the patent application to public inspection, third parties may have relied on the information appearing in the application and could be prejudiced by the addition of a part to the priority claim.

In reaching this decision I have kept in mind the basic purpose of the procedures for claiming priority as well as the basic purposes for establishing the procedures to open applications to the inspection of the public.

[41] In that case, there was evidence that two other patent applications containing similar inventive matter were filed approximately six months after *Bristol-Myers* application and during the statutory period of confidentiality.

[42] In his decision in *Bristol-Myers*, Justice Pinard considered the scope of the Commissioner's discretionary authority. He relied on the following quote from the Supreme Court of Canada's

judgment in *Maple Lodge Farms Ltd v The Government of Canada et al*, [1982] 2 SCR 2 at page 7

and 8:

...It is, as well, a clearly-established rule that the courts should not interfere with the exercise of a discretion by a statutory authority merely because the court might have exercised the discretion in a different manner had it been charged with that responsibility. Where the statutory discretion has been exercised in good faith and, where required, in accordance with the principles of natural justice, and where reliance has not been placed upon considerations irrelevant or extraneous to the statutory purpose, the courts should not interfere.

[Emphasis added]

[43] Justice Pinard concluded:

14 Furthermore, I am of the opinion that in granting this general discretion to authorize the correction of clerical errors under section 8 of the Act, Parliament clearly signalled a reliance on the specialized expertise of the Commissioner. Accordingly, the Commissioner's determination of the factors to be taken into account in exercising her discretion ought to be given curial deference, and should not be overturned unless unreasonable (see *Pezim v. B.C. (Superintendent of Brokers)* (1994), 114 D.L.R. (4th) 385, at 404-406).

15 In the case at bar, the good faith of the Commissioner is not at issue and it is my opinion that she carefully considered the evidence supporting her decision. Upon review of the factors expressly taken into account in her decision, I am satisfied, although the alleged prejudice to third parties may be speculative, that it was reasonable for the Commissioner to exercise her discretion as she did.

[Emphasis added]

[44] Justice Alice Desjardins in the Federal Court of Appeal in *Bristol-Myers* wrote the following at paragraph 25 of her reasons:

The Commissioner, pursuant to section 4 of the Act, has “the charge and custody” of the records belonging to the Patent Office. In view of this, the words “under the authority” of in section 8 of the Act suggest that the Commissioner is responsible for the integrity of the system under her care. The effect of the request for correction was not, as in *Bibeault*, to record a transfer of rights and obligations which had occurred by operation of the law. The Commissioner of Patents was asked to give priority to a claim which, under the law, can only be made within a period of six months from the filing of the patent application on June 25, 1993. The application had been opened to public inspection based on the priority date. It was reasonable for her to estimate that reliability of the opened document was an essential part of the procedure of public inspection and that third parties may be relied on the information appearing in the application could be prejudiced by the addition of a part to the priority claim. These considerations were not, as claimed by the appellant, irrelevant.¹⁹ Far from it. The Commissioner could have been preoccupied with the effect the request could have had on others had the correction been granted. It was open to her, therefore, to conclude:²⁰

In reaching this decision I have kept in mind the basic purposes of the procedures for claiming priority as well as the basic purposes for establishing the procedures to open applications to the inspection of the public.

[Emphasis added]

[45] The two step decision-making process compelled by section 8 of the Act is confirmed in the following decision of this Court:

- a) *Pason Systems Corp. v Canada (Commissioner of Patent)*, 2006 FC 753, a decision of Justice Roger T. Hughes dealing with a correction request to an issued patent;
- b) *Procter & Gamble Co. v Canada (Commissioner of Patents)*, 2006 FC 976, a decision of Justice Barnes dealing with an issued patent;

- c) *Dow Chemical Co. v Canada (Attorney General)*, 2007 FC 1236, a decision of Justice Barnes dealing with a correction to a patent application;
- d) *Laboratoires Servier v Apotex Inc.*, 2008 FC 825 at para. 203, a multi-facet decision with a correction to an issued patent.
- e) *Scannex Technologies LLC v Canada (Attorney General)*, 2009 FC 1068, dealing with a patent application.

[46] In terms of the exercise of discretionary authority there is another important principle established in administrative law. The exercise of discretionary power must be compatible with and promote the object and purpose of a statute or a statutory provision (see *Delisle v Canada (Attorney General)*, 2006 FC 933 at paras. 129 to 131).

[47] Justice Ian Binnie for the Supreme Court of Canada in *Free World Trust v Électro Santé Inc.*, [2000] 2 S.C.R. 1024 at para. 42 stated “the patent system is designed to advance research and development and to encourage broader economic activity”. In *Whirlpool Corp v Camco Inc.*, [2000] 2 S.C.R. 1067 at para. 37, Justice Binnie stated:

It is common ground that the bargain between the patentee and the public is in the interest of both sides only if the patent owner acquires real protection in exchange for disclosure and the public does not for its part surrender a more extended monopoly than the statutory 17 years from the date of the patent grant (now 20 years from the date of the filing of the patent application).

[48] I touch upon the Federal Court of Appeal’s decision in *Barton No-till Disk Inc. v. Dutch Industries Ltd.*, 2003 FCA 121 [*Dutch Industries*] which was not a case involving section 8 of the Act but whether the Commissioner was authorized by the Act or the *Rules* to permit a “large entity”

to top-up maintenance fees that had been paid on a small entity scale where the top-up was received after the deadline set out in the *Rules* for the payment of the fee.

[49] That case involved the '388 patent which had issued in 1996 and which the counsel for *Dutch Industries* submitted had lapsed under section 64(2) because the fee was not paid on the large entity scale but on the lesser amount on the small entity scale. It also involved the application for '904 patent which had not yet issued. In both cases Barton paid maintenance fees, when due, in respect of both the '388 patent and the '904 application on a small entity scale notwithstanding the fact that as of November 1994 his company was a large entity. The maintenance fees were therefore underpaid.

[50] Justice Karen Sharlow's decision was anchored on her view of the proper approach to statutory interpretation and the purpose of the maintenance fee provisions. She wrote the following at para.29 and 30 of her reasons:

29 The proper approach to the interpretation of the relevant provisions of the Patent Act and Patent Rules must follow the principle stated as follows in Driedger, Elmer A. Construction of Statutes, 2nd ed. (Toronto: Butterworths, 1983), at page 87:

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.

30 There is no dispute about the statutory objectives in play in this case. The fees payable under the Patent Act and Patent Rules are intended to defray part or all of the costs of the Patent Office. Fees are set at a lower scale for "small entities" to provide modest monetary relief to inventors that are presumed to be of limited means. The regime of annual maintenance fees was put in place to discourage the proliferation of deadwood patents and patent

applications by requiring patentees and patent applicants, at least on an annual basis, to take steps to keep them in good standing. The definition of "small entity" must be understood against the background of these objectives, and in its statutory context.

[Emphasis added]

[51] She found the maintenance fee regime under the Act to be “surprisingly complex especially considering the relatively modest sums involved for a single patent”. In particular, she determined the definition of small entity was complex and dependent upon factual determinations where there was risk of being wrong no matter how diligent an application for a patent or patentee was. She then focused on the consequences of being wrong. She wrote:

33 [...] If a "small entity" incorrectly concludes that it is a "large entity", the consequences are not very severe. The "small entity" would simply pay fees that are modestly higher than required, with no chance of a refund. But if a "large entity" incorrectly concludes that it is a "small entity", the consequence is catastrophic, unless the error is discovered in time to take corrective action.

[Emphasis added]

[52] The catastrophic consequences she identified are the loss of patent rights unless the error is discovered and corrected within the statutory limits for late payment fees.

[53] Justice Sharlow considered in the case before her that there was a striking omission in the definition of small entity – there is no date in that definition that stipulates when relevant facts upon which a small entity is to be calculated: is such date the annual date of every maintenance fee is payable? or is it calculated only once or only once as of the date on which the first such fee is payable? She opted for the later solution writing the following:

43 In my view, the absence of any mention of a temporal element in the definition of "small entity" presents a problem of

statutory interpretation that should be solved in a manner that minimizes the risk of catastrophic consequences from an innocent error in the determination of status. The disproportionate consequence of such an error overwhelmingly favours the proposition that the status of an applicant for a particular patent should be determined only once, at the outset. Under that interpretation, a patent applicant that believes itself to be a "small entity" would still bear the risk of losing its patent rights because of an innocent error in making the relevant factual determinations at the outset. However, that risk will exist only once, and will not be multiplied by the number of times at which a maintenance fee is payable.

[Emphasis added]

[54] The impact of that finding led to a different result for the '388 patent than for the '904 application. She wrote:

47 Based on that interpretation of the definition of "small entity", I now return to the facts. Mr. Barton met the definition of "small entity" on the date when he submitted his application for the '388 patent. It follows that all maintenance fees relating to the '388 patent should have been paid on the "small entity" scale, which they were. Therefore, there is no basis for concluding that the application for the '388 patent was ever deemed to have been abandoned or that the term of the '388 patent expired for non-payment or underpayment of maintenance fees. No fees were payable on the "large entity" scale.

48 The same cannot be said of the '904 application. All maintenance fees payable for the '904 application should have been paid on the "large entity" scale because, according to the evidence in the record, Mr. Barton did not meet the definition of "small entity" on [page94] April 12, 1995 when the '904 application was submitted. The failure to pay fees on the "large entity" scale is a fatal error. No top-up payment is possible. It follows that the '904 application was deemed to have been abandoned on April 12, 1997.

[Emphasis added]

and she concluded:

49 I would therefore allow this appeal in part, amending the first paragraph of the order of the Judge to require the Commissioner to

reconsider, in accordance with these reasons, the decisions he made on March 29, 2000 and (a) with respect to the '904 application, to correct the patent records to indicate that the required maintenance fees have not been paid, and (b) with respect to the '388 patent, to correct the patent records to indicate that all required maintenance fees have been paid. The purported "top-up" payments should also be returned. In the circumstances, all parties should bear their own costs in this Court and in the Trial Division.

[Emphasis added]

C. Conclusions

[55] For the reasons that follow, I am of the view that this judicial review application should be allowed, but before I set out those reasons, I cannot accept counsel for the Applicant's argument that the '486 patent remained in good standing notwithstanding the fact that, because of the clerical error, the fees paid were paid to the wrong patent. That is the very reason he brought this section 8 application. The Commissioner accepted the fact the error in the inverted patent numbers was a clerical error. In my view, it is also too late in the day to argue that under section 8 the Commissioner did not have a discretion whether to correct or not. Counsel for the applicant did not make such argument. Moreover, I cannot accept that the legal effect of the finding the inverting of the patent numbers was a clerical error meant that the fees tendered and accepted for the 1, 314, 486 patent were, without more, paid to the '486 patent. Such a holding would render meaningless the discretion the Commissioner has under section 8 of the Act.

[56] I also add that I cannot accept the Respondent's argument the wrong fee was paid. This was speculation on her part. The contrary appears to be true. The fee was paid for the standard fee (not the small entity fee) namely \$100 or if late \$400.

[57] The purpose of section 8 of the Act is clear. It is a remedial section which enables the Commissioner in limited cases of clerical errors in any instrument of record to be corrected under the authority of the Commissioner taking into account all relevant considerations which, as the jurisprudence established, includes delay in seeking correction and the impact on third parties.

[58] Based on the record before me, I find that the Commissioner failed to properly exercise her discretion in this particular case.

[59] As I see it, the Commissioner took into account only two relevant factors: delay in seeking correction and possible third party prejudice. These two factors were in the Commissioner's view determinative in refusing to correct what she found to be a clerical error. Her refusal to correct a clerical error had a catastrophic impact on Repligen – it lost its patent rights to its invention.

[60] In my view, the Commissioner failed to take into account the following relevant factors before deciding in her discretion whether to correct the clerical error:

- a) The impact on Repligen – the loss of its patent;
- b) The fact Repligen's payment was received by the Commissioner and appropriated to another patent in circumstances which are unknown to Repligen and which were not considered by the Commissioner and, in that context, whether there was a slip at CIPO;
- c) The fact that Repligen's payments were made on the due date;
- d) Her failure to appreciate, that if she properly exercised her discretion to correct the error, the remedial scope of section 8 would have the effect that the '486 patent

never lapsed for non-payment under paragraph 46(2) of the Act because those fees were paid in the appropriate amount and on time, a result which was achieved in *Dutch Industries*, above, without the recourse to section 8. In other words, she erred in her appreciation of the remedial powers available to her under section 8 of the Act;

- e) The Commissioner did not take into account the purpose and object of the maintenance fee provision in the Act. Repligen paid on time and CIPO accepted those payment; Repligen contributed to defraying the costs of the Patent office. The fact that Repligen made those payments and the Commissioner recognized that paying it to the wrong account was an indicator Repligen did not consider its '486 issued patent as deadwood;
- f) Simply invoking possible third party rights without more would, in my view, fundamentally impair the remedial power Parliament conferred upon the Commissioner to remedy clerical errors. The reason is obvious: in the case of every issued patent the disclosure will have been made; in the case of a patent application, it is open to the public inspection after a certain date. Justice Desjardins in *Bristol-Myers* did not endorse a speculative determination of third party rights. She had hard facts before her which pointed to the likelihood third parties would be affected – the nature of the remedy sought which was the addition of a new priority date had the effect in a document, that had been opened in 1994, of permitting the entry in 1997 of a priority date of July 1992. Justice Desjardins said that “the retroactive effect of the correction if admitted, clearly preoccupied the Commissioner. She also had evidence that, before the correction was sought, two other companies filed priority

claims for similar drugs under foreign patents predating the U.S. patents relied on by *Bristol-Myers*. Here, as I see it the Commissioner's assessment of third parties rights being affected was based on pure speculation, without more, such as determination whether patent applications had been filed in Canada by third parties for patents similar to Repligen's Modified Protein A. The view I take is consistent with what is written in CIPO's Manual of Patent Office Practice at item 23.04.02 when giving examples of cases where third parties are likely to be affected. See also section 23.04 of that same Manual where the Commissioner indicates she will decide whether or not to correct based on the nature of the error made; and

- g) Finally, the Commissioner failed to weight and balance all relevant factors before exercising her discretion.

JUDGMENT

THIS COURT'S JUDGMENT is that this judicial review application is granted with costs, the Commissioner's decision is set aside and the Applicant's correction request shall be reconsidered by a different official in the Patent Office taking into account these reasons.

"François Lemieux"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-299-10

STYLE OF CAUSE: Repligen Corporation v. Attorney General of Canada

PLACE OF HEARING: Vancouver, British Columbia

DATE OF HEARING: October 5, 2010

**REASONS FOR JUDGMENT
AND JUDGEMENT BY:** LEMIEUX J.

DATED: December 15, 2010

APPEARANCES:

Scott Miller FOR THE APPLICANT

Monika Bittel FOR THE RESPONDENT

SOLICITORS OF RECORD:

MBM Intellectual Property Law LLP FOR THE APPLICANT
Ottawa, Ontario

Myles J. Kirvan FOR THE RESPONDENT
Deputy Attorney General of Canada
Vancouver, British Columbia