

**Date: 20080307**

**Docket: A-249-07**

**Citation: 2008 FCA 90**

**CORAM: NADON J.A.  
SEXTON J.A.  
RYER J.A.**

**BETWEEN:**

**ACTELION PHARMACEUTICALS LTD.**

**Appellant  
(Applicant)**

**and**

**HER MAJESTY IN THE RIGHT OF CANADA  
AS REPRESENTED BY  
THE ATTORNEY GENERAL  
AND THE COMMISSIONER OF PATENT**

**Respondents  
(Respondents)**

Heard at Toronto, Ontario, on February 14, 2008.

Judgment delivered at Ottawa, Ontario, on March 7, 2008.

**REASONS FOR JUDGMENT BY:**

**SEXTON J.A.**

**CONCURRED IN BY:**

**NADON J.A.  
RYER J.A.**

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**REASONS FOR JUDGMENT**

**SEXTON J.A.**

**INTRODUCTION**

[1] This is an appeal of the decision of Deputy Judge Lagacé of the Federal Court (the “applications judge”) in which the application for judicial review by Actelion Pharmaceuticals Ltd. (the “appellant”) was dismissed. The decision under review was one by the Commissioner of

Patents (“Commissioner”) dated August 1, 2006, where the payment of a patent application maintenance fee and a reinstatement fee made by the appellant was refused. For the reasons that follow, I would dismiss the appeal.

## **FACTS**

[2] This case involves Canadian Patent Application 2,454,417, whose effective date of the patent filing was July 31, 2002. The first date on which payment of the maintenance fee was to be paid was the second anniversary of the filing, namely July 31, 2004. However, due to a clerical error, the appellant’s Canadian agents thought that the filing date was July 1, 2003, and thus they thought that the first maintenance fee would not be due until July 1, 2005.

[3] The maintenance fee was not paid on July 31, 2004, and thus the patent application was deemed to be abandoned on August 2, 2004 by reason of paragraph 73(1)(c) of the *Patent Act*, R.S.C. 1985, c. P-4 (the “*Patent Act*”). The Canadian Intellectual Property Office (“CIPO”) purportedly sent a Notice of Abandonment to the appellant on September 27, 2004, though the appellant says that such a notice had never been received.

[4] Assuming that it was paying the first maintenance fee, on July 15, 2005 the appellant wrote the following letter to the Commissioner (“the appellant’s letter”):

Included in today’s payment is the maintenance fee of \$100.00 which is required for anniversary 2 for this case. The applicant has elected to pay this fee as a Regular entity.

The Commissioner is hereby authorized to debit any additional fee or credit any overpayment associated with this communication directly from or to our deposit account...

[5] On September 7, 2005, CIPO wrote the following in response:

The maintenance fee was due on August 2, 2004.

Therefore, please note that if the fee to maintain a patent application is not totally paid before the start of a scheduled period, Canadian practice allows 12 months grace period within which the required maintenance fee and a \$200.00 reinstatement fee payment may be paid. According to our records that period ended on August 1, 2005. Consequently, we regret to inform you that this application is now dead.

In accordance with section 4(1) of the Patent Rules, a refund in the amount of \$100.00, will be issued upon request. ...

### **STANDARD OF REVIEW**

[6] The Commissioner's decision is reviewable by the Federal Court pursuant to section 18.1(3) of the *Federal Courts Act*, R.S.C. 1985, c. F-7: see *Eiba v. Canada*, 2004 FC 250 at paragraphs 32-33. The applications judge decided this case as if the Commissioner's decision was to be reviewed on a correctness standard. The pragmatic and functional approach to determining the standard of review yields the same result. There is no statutory right of review for a Commissioner's decision made under section 73 of the *Patent Act*, which points to less deference. Most crucial, however, is the nature of the Commissioner's decision. The requirements under subsection 73(3) of the *Patent Act* are manifestly non-discretionary with respect to the Commissioner's decision. This case, in turn, centres exclusively on the proper interpretation of the provision. As a result, the standard of review is correctness. This is consistent with a previous decision by this Court where the standard of review for a Commissioner's decision to accept top-up payments for patent maintenance fees was correctness: *Dutch Industries, infra*, at paragraph 23.

## **LEGISLATION**

[7] The appellant argues that their letter constituted a request to reinstate their patent application. The requirements to reinstate a patent application are outlined under subsection 73(3) of the *Patent Act*, which provides:

**73.(3)** An application deemed to be abandoned under this section shall be reinstated if the applicant:

(a) makes a request for reinstatement to the Commissioner within the prescribed period;

(b) takes the action that should have been taken in order to avoid the abandonment; and

(c) pays the prescribed fee before the expiration of the prescribed period.

**73. (3)** Elle peut être rétablie si le demandeur :

a) présente au commissaire, dans le délai réglementaire, une requête à cet effet;

b) prend les mesures qui s'imposaient pour éviter l'abandon;

c) paie les taxes réglementaires avant l'expiration de la période réglementaire.

These three requirements must be performed within twelve months of the abandonment of the application: section 152 of the *Patent Rules*, S.O.R. /96-423 ("*Patent Rules*").

## **ANALYSIS**

[8] The respondent draws the Court's attention to the decisions of *Pfizer Inc. v. Canada (Commissioner of Patents)* (2000), 9 C.P.R. (4th) 13 (C.A.), *P.E. Fusion, LLC v. Canada*, 2004 FC 645, and *Eiba v. Canada*, 2004 FC 250 ("*Eiba*"). These cases demonstrate that where patent holders fail to follow the strict statutory requirements of the *Patent Act* and the *Patent Rules*, the patent

applications cannot be reinstated in law. Indeed, the facts in *Eiba*, where the Federal Court did not question the Commissioner's decision that there had been no reinstatement, are quite similar to those before this Court.

[9] The applications judge concluded that that the appellant's letter did not constitute a request for reinstatement as described in paragraph 73(3)(a) of the *Patent Act*. In my view, he was correct to do so. The requirements in subsection 73(3) of the *Patent Act* are set out in such a way as to demand that the applicant must make an explicit request for reinstatement. One cannot construe the appellant's letter as being an explicit request for reinstatement for the purposes of paragraph 73(3)(a). The appellant's letter was sent for the purposes of paying a maintenance fee, and nothing more. Indeed, at the time the appellant's letter was sent, the appellant was unaware that its patent was deemed to be abandoned. The boiler-plate language used by the appellant – “The Commissioner is hereby authorized to debit any additional fee or credit any overpayment associated with this communication directly from or to our deposit account...” – cannot be said to constitute a request for reinstatement. This language appears to be regularly used in correspondence with CIPO. This very same language can be found in other correspondence to CIPO, such as a letter written by the appellant on January 20, 2004, which was sent in order to submit an entry form and preliminary examination report for the purposes of the national entry into Canada of their patent application. The January 20, 2004 letter clearly could not have constituted a request for reinstatement, for there was nothing to be reinstated. If such language can be used in the context of the national entry of a patent application, how can it also be described as a request for reinstatement?

[10] The use of such language is not limited to the appellant: I would note the following correspondence cited in the case of *Wicks v. Canada (Commissioner of Patents)*, 2007 FC 222, 59 C.P.R. (4th) 67 at 77:

The applicant forwarded \$550 to CIPO and authorized the Commissioner to “make any and all appropriate action” and to debit a Visa account for “whatever additional sum of money is needed to effect payment of any additional fees”.

Although the letter in *Wicks* was written subsequent to the letter that is the subject of dispute before this Court, it nevertheless demonstrates that applicants are inclined to use vague language in order to minimize their own risk without having to direct their minds to any specific problem.

[11] I also agree with the concerns of the applications judge with respect to the possible implications of the appellant’s reasoning: it would lead to the absurd result where every time payment of a maintenance fee is offered using the sort of boiler-plate form noted above, the Commissioner should read into the payment an implicit request for reinstatement or some other implicit request in order to maintain their patent application in good standing. CIPO receives many patent applications and letters relating to such patent applications each year. Would staff members of CIPO now have to read every letter that comes into its office with a view to inferring some intention of the writer not clearly specified? Such an outcome would lead to potentially inconsistent results. This outcome seems even more serious when one considers third parties who may be scrutinizing the file of a patent application and relying on the contents of that file. Will they also have to see whether or not certain words can possibly be construed as a request for reinstatement? Those third parties may wish to rely on an apparent absence of a request for reinstatement and take action which would constitute infringement in the event that the patent eventually issues. The

appellant's interpretation of the *Patent Act* and the boiler-plate language would force innocent third parties to choose between waiting for some resolution of the problem or proceeding with actions which may put themselves at risk. Finally, it is difficult to imagine what other implications there would be if the appellant's interpretation is accepted. What other uncertainties would be created?

[12] The onus is on the applicant to comply with the *Patent Act*, rather than on the Commissioner to attempt to interpret vague communications. That was the approach taken by Justice Létourneau in *F. Hoffman-LaRoche AG v. Canada (Commissioner of Patents)*, 2005 FCA 399 at paragraph 6:

However, whatever errors the Commissioner may have committed in its own internal classification of the patent for administrative purposes, these errors do not have the effect of relieving the appellant of its statutory obligations under the Act. Nor do they have the effect of creating, in relation to section 46, a joint or shared responsibility that would allow avoidance of the legal consequences resulting from the appellant's failure to comply with section 46. [Emphasis added.]

I recognize that this case was about a re-issuing of a patent and not a reinstatement of a patent application but the principle remains the same.

[13] This Court has held that the purpose of the maintenance fee regime, besides providing the Patent Office with a means of recovering the costs of administering the patent system, is to discourage the proliferation of deadwood patents and patent applications by requiring patentees and patent applicants to take steps to keep them in good standing: *Dutch Industries Ltd. v. Barton No-Till Disk Inc.*, 2003 FCA 121 leave to appeal to S.C.C. refused, 29738 (May 5, 2003) (“*Dutch Industries*”) at paragraph 30. The requirements under subsection 73(3) of the *Patent Act* to reinstate an abandoned patent application deny the Commissioner any ability to exercise his or her discretion. The elimination of any discretion on behalf of the Commissioner reflects Parliament's intention to



provide for a concrete, strict, and thus predictable regime governing the reinstatement of patent applications. It was such an approach that prevented the Commissioner from accepting top-up payments when patent applicants or patentees were paying the incorrect maintenance fee as there was no statutory authority to accept them: *Dutch Industries, supra*. The appellant's liberal interpretation of what constitutes a "request" for the purposes of paragraph 73(3)(a) of the *Patent Act* would not accord with such a regime, nor would it be consistent with the modern principle of statutory interpretation: see Elmer A. Driedger, *Construction of Statutes*, 2<sup>nd</sup> ed., (Toronto: Butterworths, 1983) at 87.

## **CONCLUSION**

[14] For these reasons, I would dismiss the appeal. Costs will not be awarded as they were not requested by the respondent.

"J. Edgar Sexton"

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J.A.

"I agree  
M. Nadon J.A."

"I agree  
C. Michael Ryer J.A."

**FEDERAL COURT OF APPEAL**

**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

**DOCKET:** A-249-07

**APPEAL FROM A JUDGMENT OF THE HONOURABLE MAURICE E. LAGACÉ  
DATED APRIL 23, 2007, NO. T-1561-06**

**STYLE OF CAUSE:** *Actelion Pharmaceuticals Ltd. v.  
Her Majesty In The Right Of  
Canada As Represented By The  
Attorney General And The  
Commissioner Of Patent*

**PLACE OF HEARING:** Toronto, Ontario

**DATE OF HEARING:** February 14, 2008

**REASONS FOR JUDGMENT BY:** Sexton J.A.

**CONCURRED IN BY:** Nadon, Ryer JJ.A.

**DATED:** March 7, 2008

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