

PRACTICE UPDATE: CIPO PROVIDES GUIDANCE ON THE MEANING OF “DUE CARE”

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Patent practice is deadline-intensive. Just talk to any patent practitioner, and they will likely readily confirm the importance of their deadline docketing system to the health (and survival) of their practice. Simply put, if you miss a deadline in the patent world, the consequences may be dire.

Maintenance and reinstatement fee payments are action items that never stray far from a patent practitioner’s crosshairs. The reason is simple: if a patent owner does not pay certain prescribed fees related to a patent to the Canadian Intellectual Property Office (“CIPO”) by set deadlines, then CIPO will not maintain such patent on its patent register.^{[1],[2]} Failure to timely pay such fees could very well lead to an irreversible loss or abandonment of patent rights.

Fortunately however, this is not the end of the story. There are times when a deemed loss or abandonment of patent rights is reversible. Specifically, patent rights are restorable if the Commissioner of Patents “determines that the failure [to take certain action by a certain date] occurred in spite of the due care required by the circumstances having been taken” [emphasis added].^{[3],[4]}

But what exactly constitutes “due care” required by the circumstances? The term “due care” is not defined in the [Patent Act](#) or the [Patent Rules](#). CIPO, however, has recently made determinations on the issue of “due care”, and this bulletin focuses on those recent determinations.

Who Should Keep Reading This Bulletin?

Keep reading this bulletin if you are: (i) a Canadian patent practitioner; (ii) an organization that keeps track of your own maintenance and reinstatement deadlines; (iii) an organization that keeps track of others’ maintenance and reinstatement deadlines; or (iv) [NTD: you, the reader, can insert your own justification here].

The Facts

After a request to reinstate an application was made under subsection 73(3) of the *Patent Act*, the Commissioner of Patents recently made determinations which turned on the issue of whether the failure of an applicant to pay maintenance fees on or before the due date occurred in spite of “due care” required by the

circumstances. The salient facts that led to CIPO's recent determinations on the issue of "due care" are as follows:

A patent applicant ("Applicant") engaged a third party annuity provider ("Provider"), instead of its patent agent ("Agent"), to attend to the maintenance fees for its patent application. Agent notified Applicant and Provider that Agent did not receive instructions to pay a maintenance fee. Applicant confirmed that Provider would attend to the maintenance fee. Agent removed the maintenance fee deadline from its docketing system. Applicant then reversed its instructions, and instructed Agent to pay the maintenance fee. Agent acknowledged receipt of the instructions, and the instructions were uploaded into Agent's docketing system. Unfortunately, a human error occurred and the instructions were mis-categorized. Specifically, had the instructions been correctly categorized, the categorization would have triggered the docketing system to create the correct task and populate the appropriate deadlines and due date reminders. The deadline to pay the maintenance fee was missed, and the patent application was deemed abandoned.

The Outcome

Agent made a request for reinstatement. The Commissioner of Patents ultimately accepted the Agent's submissions that the failure to pay the owed maintenance fee occurred in spite of the due care required by the circumstances having been taken. In coming to the conclusion that due care required by the circumstances had been taken, the Commissioner of Patents noted the following:

- Agent chose an individual (in this case, the individual who committed the human error) with significant experience to perform the categorization task in question;
- the individual was trained on the use of the docketing system on a regular basis;
- although the individual may not have been supervised on a regular basis, the level of supervision received was reasonable, given the individual's experience and knowledge;
- the mail classification system itself included a number of appropriate safeguards and further contained quality assurance and monitoring protocols;
- it was reasonable for Agent to remove the maintenance fee reminders from its docketing system after receiving instructions from Applicant that Agent would not be responsible for attending to maintenance fee payments; and
- nevertheless, and but for the human error, Agent's docketing system was set up in a manner such that upon a reversal of instructions a docket would be automatically created to prompt payment of the maintenance fee in question.

Taking these factors into account, the Commissioner of Patents concluded that failure to pay the maintenance fee on or before the due date occurred in spite of the due care required by the circumstances having been

taken and reinstated the patent application.

Take-Aways

CIPO's decision above sets out the factors that are relevant in the determination of "due care". The factors are numerous and strongly imply that the "due care" standard is a high standard. Our takeaways from CIPO's "due care" guidance are as follows:

1. delegation of tasks is a reality in the patent practice. However, a reasonable prudent patent agent is expected to exercise "due care" when working with assistants;
2. the assistant in charge of a certain task must be carefully chosen and given proper instructions on how to perform the task;
3. the patent agent must exercise reasonable and regular supervision over the work performed by such assistant;
4. the level of experience that the assistant has in performing the task can be a factor in the assessment of whether the patent agent exercised "due care";
5. the regularity of the training the assistant receives can be a factor in the assessment of whether the patent agent exercised "due care";
6. there should be measures in place to ensure that client instructions are properly classified;
7. there should be measures in place to monitor and address foreseeable limitations in the classification system; and
8. there should be quality assurance and monitoring protocols in place to ensure that deadlines are timely met and fees are timely paid.

Applicants and patent owners who are not using a patent agent to monitor maintenance and reinstatement deadlines should consider reviewing their own docketing protocols in view of these recent "due care" determinations from CIPO.

[1] *Patent Act*, RSC, 1985, c P-4, s. 46(4).

[2] *Patent Act*, RSC, 1985, c P-4, s. 73(1).

[3] *Patent Act*, RSC, 1985, c P-4, s. 46(5)(b).

[4] *Patent Act*, RSC, 1985, c P-4, s. 73(3)(b).

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A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

The logo for mcmillan, featuring the word "mcmillan" in a lowercase, sans-serif font. The "m" and "c" are in a dark red color, while the "m", "i", "l", "l", "a", and "n" are in a light blue color. The logo is positioned in the upper left corner of a banner image that shows a low-angle view of a modern glass skyscraper against a clear sky.

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