

# THE “DUE CARE” STANDARD FOR PAYMENT OF ANNUAL PATENT MAINTENANCE FEES

Posted on February 28, 2024

**Categories:** [Insights](#), [Publications](#)

The “due care” standard is a relatively new one in Canadian patent law, and a recent (as of February, 2024) case from the Canadian Federal Court provides further guidance to patent applicants and patent owners on how this standard will be applied.

In *Taillefer v. Canada (Attorney General)*,<sup>[1]</sup> the Federal Court considered the scope of the “due care” standard regarding the payment of annual patent maintenance fees. The Court ultimately agreed with the decision of the Commissioner of Patents (the Commissioner) to deny the patentee’s request for reinstatement of their Canadian patent. The patent was deemed to have expired as the patentee failed to timely pay the tenth anniversary maintenance fee.

## Maintenance fee requirements

As required by the *Patent Act*,<sup>[2]</sup> a patentee must pay an annual maintenance fee to keep an issued patent in good standing.<sup>[3]</sup> If the maintenance fee remains unpaid by its due date, the patentee generally has another six months (a late fee period) to pay the maintenance fee with a late fee to keep the patent in good standing.<sup>[4]</sup> If the maintenance fee and late fee remain unpaid by the end of the late fee period, the Commissioner will provide notice of the potential for deemed expiration of the patent. Once the patent is deemed to have been expired, a patentee may attempt to have the patent reinstated by successfully demonstrating to the Commissioner that the failure to pay the maintenance fee had occurred despite having taken the due care required by the circumstances.<sup>[5],[6]</sup>

## Background

In the case at hand, the patentee is the owner and inventor of the patent for an ice resurfacing machine. A patent agent was appointed by the patentee. They agreed that the agent would require instructions from the patentee before making any of the patent’s annual maintenance fee payments. The key timeline of events are as follows:

- From 2010 to 2019: The patentee and the agent consistently communicated by email regarding the

payment of the patent's annual maintenance fees. The annual maintenance fees were paid on time within this period.

- September 18, 2019: The agent sent the patentee an email seeking instruction to pay the maintenance fee due on January 20, 2020.
- December 17, 2019, January 6 & January 20, 2020: The agent sent three reminder emails, indicating that the maintenance fee would not be paid without specific instructions from the patentee.
- January 20, 2020: As instructions had not been received by the agent, the maintenance fee was not paid by the January 20, 2020 deadline.
- March 31, July 16 & July 17, 2020: The agent sent the patentee reminder emails, advising that the payment had not been made and that the deadline for correction through payment of a late fee was July 21, 2020.
- October 20, 2020: The agent sent an email to the patentee informing him that the patent was deemed expired.
- October 29, 2020: The patentee found the un-responded to emails from the agent in his junk email folder and instructed the agent to seek reinstatement of the patent.

On December 20, 2022, the Commissioner decided to refuse the patentee's request to reverse the deemed expiry of the patent. The Commissioner was not satisfied that the failure to pay the maintenance fee by the due date had occurred "in spite of the due care required by the circumstances having been taken." In other words, the Commissioner found that the patentee had failed to meet the "due care" standard required by the *Patent Act*,<sup>[7]</sup> and therefore was of the view that the patentee had not taken all the measures that a reasonably prudent patent holder would have taken in the circumstances.

### **Federal Court's Analysis**

With regard to maintenance fee payments: (i) decisions of the Commissioner of Patents are reviewed in accordance with the standards as set out in *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65;<sup>[8]</sup> and (ii) the standard of "due care" is "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."<sup>[9]</sup>

The patentee argued that because the system of email communications had worked reliably in the past and that the breakdown could not have been anticipated, this shows that he exercised sufficient due care.<sup>[10]</sup> The Commissioner disagreed, and the Court agreed with the Commissioner's view that it was reasonable to expect that the agent and patentee would have alternative communication mechanisms in place to maintain effective communication with regards to important deadlines.<sup>[11]</sup> While it was clear that communication between the patentee and agent was critical to ensure payment of the maintenance fees, no action was taken

to ensure that the communication channels remained effective or to set up alternative methods of communication in case the preferred method became unreliable.<sup>[12]</sup> The Court noted that it was reasonable for the Commissioner to expect that a reasonably prudent patentee would have a system in place to ensure that their emails were being received properly if this was relied on as the primary communication means to pay their maintenance fees.<sup>[13]</sup> This was especially so as the patentee retained the responsibility to instruct the agent on a yearly basis to pay the maintenance fees.<sup>[14]</sup>

Additionally, as the patentee had made similar maintenance fee payments over the last several years, the Court noted that the patentee would have been aware of the yearly maintenance fee for the patent and the need to provide instructions for its payment.

The Court ultimately agreed with the Commissioner's finding that the efforts made by the agent and patentee were insufficient to meet the standard of "due care" in the circumstance.

### **Key takeaways**

Patent owners should be aware of the following key takeaways from the *Taillefer* decision:

- With regard to important deadlines such as making the payment for a patent's annual maintenance fees, and where an agent is hired, it is important to ensure that alternative communication channels between a patent owner and agent are in place. It is the patent owner's responsibility to ensure that the communication channels remain effective;<sup>[15]</sup> and
- Where an agent is hired, it is the patent owner's obligation 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.<sup>[16]</sup>

As a practical matter, patent owners may wish to consider taking the following pro-active steps to minimize the likelihood of losing patent rights over a failure to pay maintenance fees in a timely manner:

- In addition to having your agent docket important deadlines, enter the same deadlines in your system and follow up with your agent accordingly;
- Provide your agent with an alternative means of communication (e.g., an alternative email address, a telephone number, a facsimile number, or a physical mailing address); and
- Check your email junk folder periodically in case important email communications (such as those related to annual maintenance fee payments) are misdirected to your email junk folder.

The "due care" standard is a high standard. As illustrated in the *Taillefer* decision, failure to pay maintenance fees in a timely manner can have dire consequences – even if the fees are ultimately paid after the late fee

deadline.

by [Pablo Tseng](#), [Alex Buonassisi](#), [Ada Ang](#) (Articled Student)

[1] *Taillefer v. Canada (Attorney General)*, [2024 FC 259](#) (the “*Taillefer*” decision).

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

[3] *Ibid.* at s 46(1).

[4] *Ibid* at s 46(3).

[5] *Ibid* at s 46(5).

[6] The remarks in this paragraph are equally applicable to patent applications, *mutatis mutandis*. Please see s.27.1 of the *Patent Act*, RSC 1985, c P-4 for rules governing the payment of maintenance fees related to patent applications.

[7] *Ibid* at s 46(5)(b).

[8] *Supra* note [1](#), para.22.

[9] Manual of Patent Office Practice, s [27.03.03](#).

[10] *Supra* note [1](#), para.32.

[11] *Supra* note [1](#), para.41.

[12] *Supra* note [1](#), paras.40 and 41.

[13] *Supra* note [1](#), para.42.

[14] *Supra* note [1](#), para.42.

[15] *Supra* note [1](#), paras.42 and 47.

[16] *Supra* note [1](#), para.48.

### **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.

© McMillan LLP 2024