



# CLIENT ALERT

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## COMING TO CANADIAN PATENTS ON OCTOBER 3, 2022: EXCESS CLAIMS FEES AND RCES

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The Canadian government has now announced that October 3, 2022, is the date on which significant changes to the Canadian Patent Rules, which we had [previously reported](#), will come into force.

The changes will streamline examination procedures by instituting excess claims fees, by instituting a procedure for requesting continued examination, and by introducing conditional notices of allowance, among other changes. Transitional provisions in the Rules provide that certain of these fees/procedures can be avoided in an application as long as examination is requested before October 3, 2022.

The Canadian Patent Office is making these changes as it prepares to implement patent term adjustment, following a commitment made by Canada in the free trade agreement replacing NAFTA. Applications filed on or after December 1, 2020, are eligible for adjustment, and the government has committed to introducing an adjustment regime by no later than January 1, 2025. For similar reasons, the Patent Office recently shortened response times to Office actions from 6 months to 4 months and reduced examination deferrals from 5 years to 4 years. The trade agreement defines an “unreasonable delay” – necessitating an adjustment in the term of protection – as a delay in issuance of more than five years from the filing date or more than three years from the request for examination, whichever is later.

### CHANGES FOLLOWING CONSULTATION

We had previously reported that payment of excess claims fees would be required only if the number of claims at two particular times – the time of requesting examination and the time of allowance – exceeded 20 claims. This has now changed; following a consultation period, the government has now specified that if the number of claims filed by an applicant should exceed 20 claims at any time during examination, corresponding excess claims fees will be required regardless of how many claims are eventually allowed. This adjustment indicates that this new Canadian excess claim fee regime will align fairly closely with other jurisdictions, such as the United States.

However, this adjustment will also change things for those who prefer to initially bundle multiple sets of claims in a single Canadian patent application – precisely to solicit an examiner’s opinion as to whether certain of them are directed to different inventions, a practice sometimes referred to as “provoking a restriction requirement.” It is well-known that, when filing divisional applications to pursue patenting of claims to the different inventions, having the examiner’s opinion that different claims ought to be pursued in different applications can serve as a sort of administrative insulation against such divisional cases later being invalidated for double-patenting. Because initially bundling

the multiple sets of claims into one application necessarily causes its claim count to rise, having the examiner help assuage this invalidity risk as has historically been done could become costly. Applicants may wish to change how they consult examiners on this critical question. For example, as discussed below, Applicants may be advised to, when provoking a restriction requirement, omit dependent claims from a filing to reduce claim counts and, therefore, associated fees.

### FEES FOR EXCESS CLAIMS

Currently, the Canadian IP Office does not charge additional fees based on the number of claims in a patent application.

However, the changes will require that Applicants pay the Canadian Patent Office an excess claim fee for each claim over 20 claims.

- The fee for each excess claim will be about **\$75 USD** (\$100 CAD).
- For a small entity<sup>1</sup>, this fee will be about \$38 USD (\$50 CAD).

The excess claims fees requirement will be assessed at two particular times:

1. When requesting examination<sup>ii</sup>, an excess claim fee will be due for each claim over 20 in the claim set at the time of the request for examination.
2. When paying the Final Fee upon allowance, an excess claim fee will be due if the claim count has ever risen above 20 during examination and the number of excess claims had not already been paid for when requesting examination.
  - For example, if five excess claims fees were already paid at the time of requesting examination, and the claim count never after that rose above 25, then no excess claims fees would be due upon payment of the Final Fee. On the other hand, if five excess claims fees were paid at the time of requesting examination, and the claim count rose further by two claims at some point during examination (to reach a maximum of 27 claims), then fees for two additional excess claims would be due at the time of paying the Final Fee. This would be the case even if, by the time the application was allowed, the number of claims had again fallen.

### Update: Excess Claims Fees and Double Patenting

Canadian patent law permits only one patent to be granted for an invention, and a Court is able to invalidate a patent with claims that are considered obvious in view of those of an earlier-issued patent, even if the patent being invalidated is a divisional of the other. However, according to the Supreme Court of Canada in [Consolboard Inc. vs. MacMillan Bloedel](#) (Sask.) Ltd. (1981), “[I]f patents are granted on divisional applications directed by the Patent Office, none of them should be deemed invalid, or open to attack, by reason only of the grant of the original patent.” For this reason, Canadian patent agents have often

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solicited an examiner's direction to file divisional applications instead of doing so voluntarily. When the language of two different claims is similar, having the examiner's opinion that they are indeed directed to different inventions can shield against a competitor's invalidity attack that tries to allege obviousness-type double patenting.

However, bundling multiple sets of claims in a single Canadian application so the examiner can opine on whether there is a "lack of unity" of invention necessarily increases its number of claims. If, as a consequence, the number of claims rises above 20, then seeking the examiner's direction on the question will incur excess claims fees. For this reason, applicants may wish to adopt a modified approach to seeking an examiner's feedback on unity of invention, such as by bundling in only independent claims for the examiner's consideration or combining multiple alternative embodiments in a single claim. As for the latter approach, the Patent Rules changes do indicate that a claim that recites multiple alternatives will be counted, for excess claims purposes, as a single claim.

The transitional provisions of the changes to the Patent Rules specify that if a request for examination is properly made before **October 3, 2022**, then no excess claims fees will be required. Deferral of examination in Canada can be useful for allowing prosecution in other places to settle so one does not have to engage in parallel prosecution with a Canadian examiner. However, if there are many excess claims, then requesting examination before October 3, 2022 may save the Applicant money. Ultimately, Applicants may choose to trim their claim sets for Canada, so they do not have to rush to request examination to avoid official fees on a large claim set. However, some planning ahead is well advised.

## REQUESTS FOR CONTINUED EXAMINATION (RCE)

Historically, it has not been unusual for patent applicants to be issued six or seven Non-Final office actions before being issued a Notice of Allowance or a Final Action.

However, the Patent Rules changes will implement the requirement that examination must cease after the issuance of a third office action, and Applicants will thereafter have to file a Request for Continued Examination (RCE) to continue examination. When issuing the third office action, a notice will be included advising that examination has ceased and that an RCE is required within four (4) months.

- The fee for an RCE will be about \$630 USD (\$816 CAD).
- For a small entity, this amount will be about \$315 USD (\$408 CAD).

After filing an RCE, examination will cease again after the examiner has sent another two office actions, but Applicants can thereafter file *another* RCE to re-open prosecution.

Examination will also be ceased if a Notice of Allowance or Conditional Notice of Allowance (see below) is issued. However, if an RCE is thereafter timely filed, the Notice of Allowance or Conditional Notice of Allowance is set aside.

The Canadian Patent Office has clarified extensions of time are not available for filing an RCE, even when an extension is sought and granted in respect of the underlying Office action. RCE notices are also different from final actions, in that an RCE cannot be used to return an application subject to a final action back to examination, as is the practice in the US; instead, such applications continue to be referred to the Patent Appeal Board.

As with the excess claim regime, the transitional provisions of the changes to the Patent Rules specify that if a request for examination is properly made before **October 3, 2022**, then no RCE fees (before allowance) will be required.

## CONDITIONAL NOTICES OF ALLOWANCE

Under the existing rules, if a Canadian examiner considers an application to be allowable but for certain minor defects (such as obvious typos, claim or page numbering issues, etc.), the examiner will try to telephone the patent agent and request that the patent agent file a voluntary amendment to correct the minor defect. If a satisfactory voluntary amendment is thereafter filed, the examiner will issue a Notice of Allowance. If the examiner has not received a satisfactory voluntary amendment, the examiner will issue another office action containing relevant objections and set a due date for response.

However, the Patent Rules changes will implement a new procedure whereby the examiner can send a Conditional Notice of Allowance if the application is allowable but for such minor defects. The Conditional Notice of Allowance will set out the minor defects the examiner would like dealt with by way of a voluntary amendment.

Like with a Notice of Allowance, examination will cease upon sending a Conditional Notice of Allowance, such that the only permitted amendments will be those specified in the Conditional Notice of Allowance. The Patent Rules changes afford some flexibility here, however. For example, other amendments may be made at this point, but only if it is obvious that something other than what actually appears in the specification/drawings was intended. We caution that an improper response to a Conditional Notice of Allowance may remove an application from allowance, causing a further Office action to issue, the response to which may be subject to RCE fees.

## OTHER CHANGES

Among other changes, a new duty will be imposed upon Applicants to ensure that translations into English or French of national phase

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applications submitted at the time of national phase entry were prepared with due care. As a result, machine translations should be avoided.

## RECOMMENDATIONS

We recommend clients consider taking the following steps before October 3, 2022:

1. For pending Canadian applications, requesting examination early.
2. For pending Canadian applications that may be subject to a unity of invention objection (restriction requirement), filing divisional applications early and requesting examination of those applications.
3. For pending international applications or potential Canadian applications to be based on the Paris Convention, entering/filing in Canada early and requesting examination upon filing.

## CONCLUSION

We would be happy to advise on how your patent cases can be handled to minimize the additional cost and process burdens that will arise due to the Patent Rules changes.

## ABOUT THE AUTHORS



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<sup>1</sup>In Canada, the small entity status condition in respect of an application is satisfied if, at the time of filing in Canada (or, as at the national phase entry date), the Applicant is an entity that has 50 or fewer employees or is a university. Please note that there are entity status implications if the Applicant, despite having 50 or fewer employees or being a university, is actually controlled directly or indirectly by a "large" entity or if the Applicant has transferred or licensed the patent rights to a large entity. If there is any doubt about the Applicant's status, we generally recommend applying without a small entity declaration; an underpayment of fees, even if inadvertent, may not be correctable. As part of a proposal to increase fees by 25% set to take effect in 2023 or 2024, the definition of "small entity" may change from 50 to 99 employees.

<sup>2</sup>A request for examination can be deferred for up to 4 years from the Canadian filing date (or International filing date) for applications filed on or after October 30, 2019, and for up to 5 years from the Canadian filing date for applications filed before October 30, 2019. As those familiar with Canadian prosecution will know, deferring examination in Canada can be useful for both tactical and cost reasons.