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January 05, 2024 05 janvier 2024			
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Court File No.

FEDERAL COURT

B E T W E E N:

(Court Seal)

MATCO TOOLS CORPORATION

Applicant

and

ATTORNEY GENERAL OF CANADA

Respondent

NOTICE OF APPLICATION

TO THE RESPONDENT:

A PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Applicant. The relief claimed by the Applicant appears below.

THIS APPLICATION will be heard by the Court at a time and place to be fixed by the Judicial Administrator. Unless the Court orders otherwise, the place of hearing will be as requested by the Applicant. The Applicant requests that this application be heard at Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or a solicitor acting for you must file a notice of appearance in Form 305 prescribed by the *Federal Courts Rules* and serve it on the Applicant's solicitor or, if the Applicant is self-represented, on the Applicant, WITHIN 10 DAYS after being served with this notice of application.

Copies of the *Federal Courts Rules*, information concerning the local offices of the Court and other necessary information may be obtained on request to the Administrator of this Court at Ottawa (telephone 613-992-4238) or at any local office.

IF YOU FAIL TO OPPOSE THIS APPLICATION, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

Date _____ Issued by _____
(Registry Officer)

Address of
local office: 180 Queen Street West, Suite 200
Toronto, ON M5V 3L6

TO: **THE ADMINISTRATOR**
Federal Court
180 Queen Street West, Suite 200
Toronto, ON M5V 3L6

AND TO: **THE ATTORNEY GENERAL OF CANADA**
(Service to be effected by filing duplicate copies in the Registry
pursuant to R. 133 of the *Federal Courts Rules* and s.48 of the *Federal
Courts Act*)

AND TO: **THE COMMISSIONER OF PATENTS**
Canadian Intellectual Property Office
Place du Portage I
50 Victoria Street, Room C114
Gatineau, QC K1A 0C9
Konstantinos Georgaras, Commissioner of Patents

APPLICATION

This is an Application for Judicial Review pursuant to sections 18 and 18.1 of the *Federal Courts Act*, RSC 1985, c. F-7, as amended, of the decision of the Director of the Patent Policy and International Affairs Division (“**Director**”) of the Canadian Intellectual Property Office (“**CIPO**”), for and on behalf of the Commissioner of Patents (“**Commissioner**”) denying the Applicant’s request for reinstatement of Canadian Patent Application No. 3,086,194 (the “**194 Application**”) dated December 6, 2023 (the “**Decision**”).

The Applicant makes an Application for:

1. A Declaration that section 73 of the *Patent Act*, R.S.C., 1985, c. P-4 (“**Patent Act**”) applies only in respect of “applicants” as defined by section 2 of the *Patent Act*;
2. A Declaration that the Commissioner erred in imposing a due care standard pursuant to subsection 73(3)(b) of the *Patent Act* that requires a reasonably prudent applicant to take “all measures” to avoid failure in paying maintenance fees;
3. A Declaration that the Applicant has met the due care standard pursuant to subsection 73(3)(b) of the *Patent Act* with respect to the failure to pay the Fees (as defined below) by the Due Date (as defined below) with respect to the 194 Application;
4. The Decision be set aside, quashed or otherwise declared to be null and void;
5. An Order directing the Commissioner to reinstate the 194 Application;
6. In the alternative, an Order referring the matter back to the Commissioner for redetermination in accordance with reasons from the Court; and
7. Such further and other relief as counsel may advise and the Court may permit.

The grounds for the Application are: On January 8, 2019, the Applicant filed Patent Cooperation Treaty (“PCT”) Application PCT/US2019/012660 with the United States receiving office. On June 17, 2020, the 194 Application was deemed to be a national phase application filed in Canada.

2. The third year prescribed maintenance fee for the 194 Application was not paid on or before the prescribed date of January 10, 2022.

3. The Commissioner sent a notice dated February 21, 2022 to the Canadian agent of record of the Applicant stating that the 194 Application would be deemed to be abandoned if the maintenance fee and late fee (the “Fees”) were not paid before the later of the end of six (6) months after the prescribed date or two (2) months after the date of the notice (the “Due Date”).

4. The Applicant did not pay the Fees by the Due Date.

5. The Patent Office sent a letter dated August 8, 2022 stating that the 194 Application was deemed to be abandoned, and that the application may be reinstated if the Applicant, within twelve (12) months of the Due Date:

- (a) Makes a request for reinstatement to the Commissioner;
- (b) States the reasons for the failure to pay the prescribed maintenance fee and the prescribed late fee;
- (c) Pays the prescribed maintenance fee and late fee; and
- (d) Pays the prescribed reinstatement fee.

6. By letter from the Applicant’s agent of record in Canada, Ridout & Maybee LLP, dated December 13, 2022, the Applicant requested reinstatement of the 194 Application and authorized payment of the maintenance fee, late fee and reinstatement fee. The December 13, 2022 letter also provided the background facts for the failure to pay the prescribed maintenance fee.

7. On May 8, 2023, the Commissioner wrote to Ridout & Maybee LLP stating that the Commissioner was not satisfied that the failure to pay the Fees by the Due Date occurred in spite of the due care required by the circumstances having been taken. Before making a final determination, the Commissioner invited the Applicant to within one month of the date of the letter submit observations on the intended refusal or to submit any additional relevant information.

8. By letter dated June 7, 2023, the Applicant provided the requested additional information including an affidavit from Romi Bose, the Vice-President of Intellectual Property and Technology of the owner of the Applicant.

9. By letter dated December 6, 2023, the Commissioner issued a final decision refusing to reinstate the 194 Application concluding that the Applicant has failed to meet the due care standard as enacted by paragraph 73(3)(b) of the *Patent Act*.

10. In the December 13, 2022 and June 7, 2023 letters, the Applicant provided the background facts, reasons and submissions in support of its request for reinstatement of the 194 Application.

11. At all material times, the Applicant utilized third-party service providers for payment of maintenance fees for their patent portfolio.

12. In 2021, the Applicant utilized the services of Computer Packages Inc. (“CPI”) for payment of their maintenance fees. CPI paid the appropriate maintenance fee for the 194 Application in 2021.

13. Between 2021 and 2022, the Applicant transferred the maintenance fee payment services from CPI to Dennemeyer Group (“**Dennemeyer**”) for their entire patent portfolio, including for the 194 Application.

14. Dennemeyer is a well-known and well-established third party agent whose business includes the payment of annual maintenance fees at the CIPO for numerous patent applicants.

15. In the transition from CPI to Dennemeyer, a data entry error occurred at Dennemeyer such that the 194 Application was not added to their docketing system.

16. On April 26, 2021, Dennemeyer sent the Applicant an email stating that the data file containing the Applicant's patent portfolio (which included the 194 Application) "was successfully imported". The email makes no specific mention of the 194 Application.

17. However, the April 26, 2021 email from Dennemeyer contradicts itself as it also includes an attachment with a report of cases that were not imported. The April 26, 2021 email and attached report do not mention that for any cases that were not imported no payment will be made resulting in abandonment of corresponding applications.

18. The data entry error was not corrected resulting in the Fees for the 194 Application not being paid by the Due Date.

19. Due to the fact that the Applicant utilizes third-party service providers for payment of maintenance fees, the Applicant instructed their US intellectual property legal counsel, Hahn Loeser & Parks LLP ("**US Counsel**"), that they were not to attend to the payment of any maintenance fees.

20. On January 4, 2022, Ridout & Maybee LLP sent US Counsel a courtesy reminder of the upcoming due date of January 8, 2022 for payment of a maintenance fee for the 194 Application. US Counsel followed their standing instructions that they were not to attend to the payment of any maintenance fees and the courtesy reminder was not forwarded to the Applicant. At this time, US Counsel was unaware of any transition error that resulted from the migration from CPI to Dennemeyer.

21. On February 22, 2022, Ridout & Maybee LLP sent to US Counsel the CIPO Maintenance Fee Notice for non-payment of maintenance fees dated February 21, 2022. US Counsel followed their standing instructions that they were not to attend to the payment of any maintenance fees and the CIPO Notice was not forwarded to the

Applicant. At this time, US Counsel was unaware of any transition error that resulted from the migration from CPI to Dennemeyer.

22. In August 2022, US Counsel first became aware of the non payment of a maintenance fee for the 194 Application when preparing a summary of patent matters for the Applicant. On August 15, 2022, the Applicant was forwarded the Notice of Abandonment from CIPO dated August 8, 2022.

23. The Applicant was not provided any notice that an isolated, unexpected and unforeseeable docketing error would result in the abandonment of the 194 Application.

24. Based on these circumstances, including that the Applicant employed well-known and reliable third parties including a third party payment provider, US Counsel and Canadian agents of record, the Applicant submitted to the Commissioner that the failure to pay the Fees occurred in spite of the due care required by the circumstances and requested reinstatement of the 194 Application pursuant to section 73 of the *Patent Act*.

25. In making the Decision refusing to reinstate the 194 Application, the Commissioner stated, *inter alia*:

- (a) The purpose of the maintenance fee regime is to discourage the proliferation of deadwood patents and patent applications;
- (b) The due care standard was introduced by amendments to the *Patent Act* and *Patent Rules* as of October 30, 2019;
- (c) The legislative basis for due care in this matter is subsection 73(3)(b) of the *Patent Act*, which provides that “the Commissioner determines that the failure occurred in spite of the due care required by the circumstances having been taken”;
- (d) The Manual of Patent Office Practice (“**MOPOP**”) is not binding;

- (e) Section 9.04.04 of MOPOP explains that in determining whether “the failure occurred in spite of the due care required by the circumstances having been taken”, the Commissioner will assess whether the applicant took “all measures that a reasonably prudent applicant would have taken, given the particular set of circumstances to avoid the failure – and despite taking those measures – the failure nevertheless occurred”;
- (f) In addition to the legislation and MOPOP, the Patent Office will consider WIPO Receiving Office Guidelines;
- (g) The due care standard applies to any or all authorized persons who may pay a maintenance fee under the *Patent Act* and *Patent Rules* including the applicant, patent agents and payment annuity firms;
- (h) A reasonably prudent applicant must possess the requisite knowledge and capacity to monitor and manage their patent affairs or engage an experienced third party to do so;
- (i) The failure in this case could have been avoided altogether if the Applicant had been forwarded the CIPO Maintenance Fee Notice for non-payment of maintenance fees dated February 21, 2022; and
- (j) The correspondence from the applicant to CIPO did not address the extent to which administrative staff members were chosen, trained and monitored or what systems of verification or quality control existed.

26. The Commissioner made a number of errors and acted unreasonably in refusing to reinstate the 194 Application including:

- (a) Failing to correctly interpret and apply section 73 of the *Patent Act* in light of the wording of the legislation, the statute as a whole and the aim and purpose of maintenance fees;
- (b) Failing to correctly interpret and apply section 73 of the *Patent Act* in respect of persons to whom the requirement of due care applies;

- (c) Failing to correctly interpret and apply the standard of due care by fettering its discretion and relying on non-binding documents including MOPOP and international guidelines;
- (d) Wrongly imposing a due care standard that is disproportional to the rights at stake;
- (e) Wrongly imposing a due care standard that requires a reasonably prudent applicant to take “all measures” to avoid failure in paying maintenance fees;
- (f) Wrongly imposing a standard of due care that required addressing the extent to which administrative staff members were chosen, trained and monitored or what systems of verification or quality control existed despite the Applicant’s submissions on the failures leading to the non payment of the maintenance fee including the fact that the Applicant hired a reputable third party to tend to the payment of maintenance fees;
- (g) Wrongly imposing a standard of due care that requires a third party to ignore its standing instructions in favour of providing notice of maintenance fee payment;
- (h) Wrongly imposing a standard of due care on US Counsel and Ridout & Maybee LLP given that US Counsel and Ridout & Maybee LLP were not authorized to pay the maintenance fee and as such were not required to exercise due care with respect to the payment of the maintenance fees in the respect of the 194 Application;
- (i) In the alternative to (h), if a standard of due care does apply to US Counsel and Ridout & Maybee LLP, failing to find that the US Counsel and Ridout & Maybee LLP were not authorized to pay the maintenance fee and as such did exercise due care by following their standing instructions with respect to the payment of the maintenance fees in the respect of the 194 Application;

- (j) Wrongly imposing a standard of due care that resulted in the 194 Application being deemed abandoned despite the fact that the Applicant was not provided notice of the pending abandonment;
- (k) Wrongly finding that by US Counsel abiding by their standing instructions there was a “communication issue” between the Applicant and US Counsel;
- (l) Wrongly finding that no explanation was provided as to why the February 21, 2022 Notice was not provided to the Applicant;
- (m) Failing to address the circumstances that lead to the failure to pay the maintenance fee despite the Applicant’s submissions on the circumstances; and
- (n) Acting in an arbitrary manner and contrary to the principles of procedural fairness by providing only a one (1) month time period to respond to the Commissioner’s letter of May 8, 2023 instead of the customary four (4) months.

27. The Applicant therefore requests the relief sought to correct the Commissioner’s errors and reinstate the 194 Application.


28. The Applicant requests that this application be heard in Toronto.

This Application will be supported by the following material:

- 29. Affidavit(s) to be sworn on behalf of the Applicant and all exhibits thereto;
- 30. Certified copies of materials to be furnished by the Commissioner of Patents in accordance with R. 318 of the *Federal Court Rules*;
- 31. Such further and other material as counsel may advise and this Honourable Court may permit.

The Applicant requests the Commissioner of Patents to send a certified copy of the following material that is not in the possession of the Applicant but is in the possession of the Commissioner of Patents to the Applicant and to the Registry:

1. Prosecution history for the 194 Application;
2. All materials considered and created by the Commissioner, or any person or entity acting on behalf of the Commissioner including the Manager of Patent Policy and Director of the Patent Policy and International Affairs Division, pertaining to the Decision; and
3. All communications, internal memoranda and written policies relating to the Commissioner's interpretation of and application of "due care" and section 73 of the *Patent Act*.



January 5, 2024

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