

*[Abstract prepared by the PCT Legal Division (PCT-2010-0004)]*

Case Name:

Finger-Shield (UK) Ltd. v. Canada (Commissioner of Patents)

Jurisdiction:

Federal Court of Canada

Abstract:

The Commissioner of Patents refused the national phase entry of a PCT application because the applicant failed to pay the “late payment fee” within the prescribed time limit of 12 months following the expiry of the 30 month time limit for national entry.

PCT Legal References:

- Article 22
- Rule 16*bis*.2

Date: 20060206

Docket: T-917-05

Citation: 2006 FC 138

BETWEEN:

FINGER-SHIELD (UK) LIMITED and  
FRANK JOSEPH GARVEY

Applicants

and

THE COMMISSIONER OF PATENTS

Respondent

REASONS FOR ORDER

STRAYER D.J.

INTRODUCTION

[1] This is an application for judicial review of a decision of the Commissioner of Patents dated September 24, 2004, confirmed after review on December 9, 2004, in which he refused to allow the Canadian National Phase entry of a patent.

FACTS

[2] The applicant Frank Garvey is the inventor of a device called a "Finger Protector Device" and Finger-Shield (UK) Limited is the assignee of his patent. The original application was filed at the World Intellectual Property Office in Switzerland on August 9, 1999.

[3] On February 4, 2003 the applicants sent to the Canadian Intellectual Property Office (the CIPO) a request for entry into the national phase of that patent application already filed in Europe, pursuant to the Patent Cooperation Treaty (PCT) (1970). Along with that request the applicants sent authorization for the payment from their standing account of the basic national fee as required by Item 10(a) of Schedule II of the *Patent Rules* (SOR/96-423). Those rules also require an annual maintenance fee commencing on the second anniversary of the priority date which in this case would have been August 9, 2001, and on February 6, 2003 the applicants authorized the payment of these fees from their account. At that time the applicants did not pay the "late payment fee" required by Item 11 of Schedule II and payment of this was requested by the CIPO on April 16, 2003. That same day the applicants sent to the CIPO an authorization for the payment of the late payment fees from its standing account. However on September 24, 2004 the CIPO advised the applicants that it would not accept the late fee purportedly paid on April 16, 2003 because it was not submitted within the time required by paragraph 58(3)(b) of the *Patent Rules*. On November 4, 2004 the applicants requested a reconsideration of this refusal and on January 6, 2005 the CIPO advised the applicants that after reconsideration it was maintaining its position that the late fee had been received after the time permitted by paragraph 58(3)(b) of the *Patent Rules*.

[4] Subsections 58(1), (2) and (3) of the *Patent Rules* (SOR/96-423) provide as follows:

58.(1) An applicant who designates Canada, or who designates and elects Canada, in an international application shall, within the time prescribed by subsection (3),

(a) where the International Bureau of the World Intellectual Property Organization has not published the international application, provide the Commissioner with a copy of the international application;

(b) where the international application is not in English or

58.(1) Le demandeur qui, dans une demande internationale, désigne le Canada ou désigne et élit le Canada est tenu, dans le délai prévu au paragraphe (3) :

a) lorsque le Bureau international de l'Organisation mondiale de la propriété intellectuelle n'a pas publié la demande internationale, de remettre au commissaire une copie de cette demande;

b) lorsque la demande internationale n'est ni en français ni en

French, provide the Commissioner with a translation of the international application into either English or French; and

(c) pay the basic national fee set out in item 10 of Schedule II.

(2) An applicant who complies with the requirements of subsection (1) after the second anniversary of the international filing date shall, within the time prescribed by subsection (3), pay any fee set out in item 30 of Schedule II that would have been payable in accordance with section 99 or 154 had the international application been filed in Canada as a Canadian application on the international filing date.

(3) An applicant shall comply with the requirements of subsection (1) and, where applicable, subsection (2) not later than on the expiry of

(a) the 30-month period after the priority date;

(b) where the applicant pays the additional fee for late payment set out in item 11 of Schedule II, the 42-month period after the priority date.

anglais, de remettre au commissaire la traduction française ou anglaise de cette demande;

c) de verser la taxe nationale de base prévue à l'article 10 de l'annexe II.

(2) Le demandeur qui se conforme aux exigences du paragraphe (1) après le deuxième anniversaire de la date du dépôt international verse, dans le délai visé au paragraphe (3), la taxe prévue à l'article 30 de l'annexe II qui aurait été exigible selon les articles 99 ou 154 si la demande internationale avait été déposée au Canada à titre de demande canadienne à la date du dépôt international.

(3) Le demandeur se conforme aux exigences du paragraphe (1) et, s'il y a lieu, du paragraphe (2) dans le délai suivant :

a) dans les trente mois suivant la date de priorité;

b) s'il verse la surtaxe pour paiement en souffrance prévue à l'article 11 de l'annexe II, dans les quarante-deux mois suivant la date de priorité.

[5] The applicants contend that paragraph 58(3)(b) does not require that the late payment fee be made within the 42 months from the international filing date. All that is required by subsection 58(3) is that the applicant must have provided the Commissioner of Patents with a copy of the international application in either French or English, paid the basic national fee for entry into the national phase of the application, as required under subsection 58(1); and paid any maintenance fees as required by subsection 58(2). They argue that they met the requirements of the opening lines in subsection 58(3), having complied with subsections (1) and (2), all within the 42-month period referred to in paragraph 58(3)(b). In their view that sufficed to comply with paragraph 58(3)(b) as long as they had at some time paid the late payment fee which they can do after the expiry of 42 months. (The 42-month period expired on February 9, 2003; the applicants submitted an authorization for a payment of the late payment fee on April 16, 2003).

## ISSUES

[6] (1) What is the standard of review?

(2) Was the Commissioner of Patents right to refuse entry into the national phase?

## ANALYSIS

### *Standard of Review*

[7] The parties are in agreement that the relevant standard here is that of correctness, this decision involving the interpretation of a statutory instrument, namely paragraph 58(3)(b) of the *Patent Rules*. I believe that position to be justified on a pragmatic and functional analysis.

[8] In *Dutch Industries Ltd. v. Canada (Commissioner of Patents)*, [2001] FCJ No. 1250 (FCTD) Dawson J. considered the standard of review of a decision by the Commissioner of Patents as to the interpretation of requirements in the *Patent Rules* with respect to the payment of maintenance fees. She found that the only privative provisions were those of sections 18 and 18.1 of the *Federal Court Act* which make it clear that the Commissioner is subject to judicial review. She considered that the Commissioner's expertise does not include the interpretation of statutes and statutory instruments, and that any such decision has precedential effect. She felt that the object of the Act was more to establish rights between parties, and decisions with respect of payment of fees as prescribed by the *Patent Rules*, are not polycentric in nature involving a balancing test. The nature of the issue is a question of law. Based on these considerations she concluded that less deference was owed and that the standard of correctness applied. Her conclusion on this point was affirmed by the Federal Court of Appeal in *Dutch Industries Ltd. v. Canada (Commissioner of Patents)*, [2003] 4 F.C. 67 at para. 23; leave to appeal denied [2003], S.C.C.A. No. 204. I believe the same considerations apply to the question in the present case concerning the interpretation of the *Patent Rules* in respect of late payment fees.

[9] The critical provision in question here is the meaning of paragraph 58(3)(b) of the *Patent Rules* which allows the applicant for entry of a national phase (if he has not complied with the normal 30-month limitation period) to comply with subsections 58(1) and (2) within

... where the applicant pays the additional fee for late payment set out in item 11 of Schedule II, the 42-month period after the priority date.

The applicants argue that there is nothing in paragraph (b) which specifies when the late payment fee must be made. All that is required is that the proper documents and basic national fee be provided to the Commissioner and any relevant maintenance fees be paid, all before the expiry of 42 months which was done in this case. While it is also required that the late payment fee be paid some time, there is no requirement that it be paid within 42 months. I would agree that the paragraph is capable of being read in that fashion. It is also capable of being read as requiring the late payment fee to be paid within the 42-month period. There is indeed some ambiguity which requires interpretation. I believe that the latter meaning is the one which should be ascribed to the paragraph.

[10] First, it seems to me that this is the more likely meaning of the bare language of the paragraph. In the context of sub-section (3), it is required that the applicant provide the necessary documents, pay the national fee, and pay any maintenance fees and he may do this within a period of up to 42 months after the priority date "where [he] pays the additional fee for late payment". That implies to me an action which must take place before or concurrently with the compliance with the other requirements.

[11] The applicants submit, and I agree, that we should be guided in the interpretation of an ambiguous statutory provision by principles summarized in the reasons of Iacobucci J. for the Court in *Re Rizzo & Rizzo Shoes Ltd.*, [1998] 1 S.C.R. 27 at 41 where he said:

Today there is only one principle or approach, namely, words of an Act are to be read in their entire context, in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament.

I find it difficult, however, to accept the applicants' proposed interpretation, that there be no time limit on the payment of late payment fees, as being harmonious with the scheme of the Act. It would mean, in effect, that while to extend the application of an international patent to Canada the patentee must act within, at the latest, 42 months, he may pay the late payment fee at any time thereafter. In the meantime it would not be apparent either to the Intellectual Property Office, nor to anyone interested in knowing, as to whether the application for entry into the national phase in Canada was being prosecuted or not. Seemingly the Governor in Council in adopting these *Patent Rules* considered that it was necessary to have time limits prescribed for filing the relevant materials and paying the national and maintenance fees. If so, it did not intend that the status of such an application should remain indefinitely in an uncertain state: capable of being activated by the applicant making the late payment fee at some future date, or potentially a nullity because no such payment might ever be made. Counsel for the applicants suggested in oral argument that instances of late payment of the late payment fee would be rare and this should not influence the interpretation of paragraph 58(3)(c). I do not believe the interpretation of the paragraph can be based on such a consideration, nor do I have any evidence before me as to how frequently this does happen. He further argued that there were other deadlines in the system which would prevent such an application for entry into the national phase from becoming "dead wood" simply through non payment of the late payment fee. Again I do not think this is relevant to the proper interpretation of paragraph 58(3)(c) and the desirability of the Patent Office and others knowing whether the applicant for entry is seriously pursuing his application where 42 months has already elapsed since the international filing.

[12] I am also reassured by the decision of this Court in *Thinkstream Inc. c. Canada (Commissaire des brevets)*, [2005] A.C.F. No. 1109. The facts were similar in that case in that the applicant for entry into the national phase had paid the late payment fee after the expiry of 42 months from the priority date. It was apparently assumed by the parties and the Court that by paragraph 58(3)(b) the application would be precluded from entry into the national phase, unless it could be saved by a new section 3.1 of the *Patent Rules* which provided certain relief from the timing of payment of fees. Even if that new section might have been of assistance in similar circumstances, Blais J. held that it had no application to that case because all the relevant facts had arisen before the coming into force of that section. It would not have been necessary to address that issue if paragraph 58(3)(b) were not deemed to otherwise preclude the further prosecution of the application.

[13] While counsel for the respondent submitted some argument to the effect that the Commissioner had no legal responsibility to assist or advise such applicants to ensure their compliance with the Rules, counsel for the applicants did not pursue that issue, nor shall I.

DISPOSITION

[14] The application for judicial review will therefore be dismissed. The respondent does not ask for costs.

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(s) "B.L. Strayer"

Deputy Judge

**FEDERAL COURT OF CANADA**

**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

**DOCKET:** T-917-05

**STYLE OF CAUSE:** FINGER-SHIELD (UK) LIMITED and FRANK JOSEPH GARVEY v. THE  
COMMISSIONER OF PATENTS

**PLACE OF HEARING:** Saskatoon, Saskatchewan

**DATE OF HEARING:** January 13, 2006

**REASONS FOR ORDER:** Strayer D.J.

**DATED:** February 6, 2006

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