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Tips For Managing Your Canadian Patent Rights During This Global Economic Downturn

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While the worst of the global economic downturn may be over, it still is not business as usual. Credit may still be in short supply for some time to come and many companies continue to look for ways to cut costs and improve cash flow. When dealing with intellectual property assets, especially patents, an obvious way for companies to cut costs is to streamline portfolios and reduce filings by, for example, limiting the geographic scope of their patent protection. Given the inevitable up turn in the economy, companies should ensure that these cost reducing measures do not adversely impact the scope of protection provided by their patent portfolio, which in turn impacts their future revenue, market position and business growth. There are a number of reasons why Canada should continue to be part of one's patent portfolio and there are options to control and reduce patent costs in the short term.

Why Canada is an attractive country in which to obtain patent rights

1. Canadian Patent Office fees and legal fees are amongst the lowest of industrialized countries.
2. There is no limit to the total number of claims that may be included in an application and claims can be added to the application until issuance without incurring additional government fees.
3. Canada has the ninth largest economy in the world and is poised to come out of the economic downturn much sooner and on a much stronger footing than many other countries. Of particular interest, the number of businesses declaring bankruptcy during this downturn has actually declined.
4. Canada has a unique position as the closest neighbor and largest trading partner with the world's largest national economy – the United States.
5. Unlike the United States where restriction practice has been forcing applicants to partition subject matter into more than one application, and thereby increasing the costs to obtain full patent protection, Canada's prosecution practice can often lead to broad-based and layered claims in a single patent which translates into good value for every dollar spent.

6. Given Canada's history and diverse population it has close cultural and economic ties with many different regions of the world.
7. Given Canada's bilingualism (English and French) patent applications can be filed and prosecuted in either English or French.
8. The Canadian court system provides a relatively patentee friendly environment and an inexpensive litigation testing ground for patent owners considering enforcing their rights in the United States or in multiple jurisdictions.

Approaches to control and reduce patent costs in the short term

- *Late entry for Canadian National Phase applications (extra 12 months for \$200)*

National Phase Entry into Canada can be delayed up to 42 months from the earliest priority date of a PCT application by paying a nominal \$200 late entry fee. This allows applicants to spread out their overall National Phase Entry filing costs or defer the decision of whether or not to file a Canadian National Phase application.

- *Small entity applicants (savings of up to \$3,000 over the life of patent)*

The Canadian patent regime provides applicants who qualify for small entity status a 50% reduction when paying certain government fees including the filing fee, examination fee, final fee and maintenance fees. While many Canadian patent agents have adopted a practice to only pay government fees at the standard (large entity) rate, applicants who in consultation with counsel believe they qualify for small entity status may still take advantage of these reduced fees which can represent a savings of up to \$3,000 over the life of a patent.

- *Reinstatement (extra 12 months for \$200)*

Reinstatement of an abandoned application is available in Canada as a matter of right provided the prescribed requirements for reinstatement are strictly complied with. If a patent application or a patent becomes abandoned for failure to pay a fee, request examination or reply to an Office Action within the prescribed time limit, it can be reinstated within twelve months of the date of abandonment. In respect of each failure, the applicant must make a request for reinstatement, take the action that should have been taken in order to avoid the abandonment and pay a nominal \$200 reinstatement fee in addition to any other prescribed fees that may be outstanding by reason of the abandonment.

- *Prosecution Management (six to eight years)*

The cost of prosecuting a patent application to allowance can account for a significant portion of the overall cost of obtaining a patent. In Canada, examination of a patent application is not automatic and can be deferred for up to five years from the filing date of the application. In addition, due to backlogs in examination, it typically takes 18 months to three years after examination has been requested before a first Office Action is issued. By deferring examination up

to the five year limit, prosecution costs can be effectively deferred by six to eight years from the application's filing date.

- *Maximize the potential benefits of the Canada/U.S. Patent Prosecution Highway (PPH) pilot program to reduce prosecution costs*

The PPH can potentially be an effective tool for applicants to reduce prosecution costs by relying on favorable allowed U.S. claims. This pilot program has been extended until January 28, 2011. For more information see the March 2008 article *Canada Joins the Patent Prosecution Highway*.

- *Leverage Canada's prescribed expedited examination procedure to reduce U.S. prosecution costs and potentially obtain broader claims*

Expedited examination may be useful to obtain issued claims in Canada that can be used to strategically facilitate prosecution of a corresponding U.S. application. The information required by the Commissioner to expedite examination is minimal in that no commentary regarding prior art is required to support that request and the \$500 government fee is modest given the potential cost savings for U.S. prosecution. It is possible to have an issued Canadian patent within 12 to 14 months utilizing expedited examination depending on technology area.