

Significant changes coming to the Canadian patent system

June 09, 2022

The most significant changes to the Canadian Patent prosecution system in more than 25 years have been announced as coming into force **October 3, 2022**. Changes to the Canadian Patent Rules are being made as a prelude to a future system of patent term restoration, in accordance with Canada's obligations under the [Canada-United States-Mexico Agreement](#) (CUSMA).

The amendments contain a number of provisions aimed at changing applicant behaviour in an effort to streamline examination before the [Canadian Intellectual Property Office](#) (CIPO). The changes will introduce significant constraints to the current flexible examination system, resulting in new challenges for navigating Canada's strict double patenting jurisprudence.

Key takeaways

- Changes to the Canadian patent system are scheduled to come into force on October 3, 2022, including the introduction of excess claims fees and requests for continued examination.
- **The new system presents challenges in relation to Canada's unique double patenting law**, requiring applicants to balance additional costs against the ability to obtain effective patent protection.
- Certain aspects of the new system can be avoided by requesting examination by September 30, 2022.

Excess claims fees

The amendments will bring excess claim fees to the Canadian system for the first time. The applicant will have to pay a fee of C\$100 for each claim in excess of 20. Independent claims, dependent claims, and claims including multiple dependencies will all be counted equally.¹

These fees will be payable at the time of the examination request.² If claims are added after the examination request, additional excess claims fees will be payable after allowance, as part of the final fee.³

Importantly, the excess claims fee calculation at allowance will apply to claims “included in the application **at any time** during the period beginning on the day after the day on which the request for examination is made”. In this respect, the finalized legislation contrasts markedly with an earlier-published draft, according to which the excess claims fees due at allowance were based only on the number of allowed claims.

Under the finalized legalisation, it will not be possible to avoid or reduce excess claims fees by adding a large number of claims after the examination request is made and then reducing the number of claims prior to allowance (for example, as the result of an election responsive to a unity objection). The fees seem to be intended to promote the submission of smaller claim sets, though this is often not advisable under Canada’s unusual double patenting jurisprudence (see ‘Considerations for double patenting’ below).

Requests for continued examination

The amendments to the Patent Rules will also introduce a limit of three examiner’s notices following a request for examination.⁴ These include regular Office Actions – including an Office Action containing only a unity objection – and Final Actions issued by CIPO. After issuance of the third notice, the applicant will be required to make a request for continued examination (RCE) and to pay a fee of \$816 CAD within four months of the date of the last notice.⁵ This deadline is non-extendible, though there will be a one-year period during which reinstatement is available as of right, if the deadline is missed.⁶

Following submission of an RCE, unless an applicant is facing a Final Action, two further examiner’s notices are permitted, after which a further RCE submission and fee payment will be required if continued examination is desired.⁷ There is no limit to the number of RCEs that can be made and the fee remains the same for each.

Notably, the Office Action that triggers a requirement for an RCE need not be a Final Action. Final Actions have historically been quite uncommon in Canadian practice, typically issuing only after a true impasse has been reached. There is presently no indication that CIPO intends to change this practice. Thus, as it currently stands, applicants facing the prospect of an RCE should not expect to have the right of appeal to the Patent Appeal Board.

As with the current system, issuance of a Final Action limits options, and requires that the next response (whether it involves an RCE or not) resolves all objections for the examiner, who will otherwise turn the application over to the Patent Appeal Board.

While the current Patent Rules enable the re-opening of prosecution following allowance by requesting withdrawal of the allowance, this mechanism will be eliminated. Instead, re-opening prosecution following allowance will require the filing of an RCE.⁸ The RCE must be filed before expiry of the final fee deadline (and before the final fee is paid) and this time period is non-extendible.⁹ As with current withdrawal-from-allowance practice, if the final fee deadline is missed and the application becomes abandoned, this will remove the option to file an RCE to re-open prosecution.

Conditional notices of allowance

The new system will introduce conditional notices of allowance (CNOAs) to be issued if an examiner deems an application to be allowable “subject to certain amendments being made”. A response with amendments or arguments will be due four months from the date of the CNOA.

After a CNOA, the scope of permissible amendments will be limited to those defects identified in the CNOA and correction of any obvious errors.

If the response to the CNOA does not satisfy the examiner, the CNOA will be withdrawn and the amendments considered never to have been made.¹⁰

As with a standard Notice of Allowance, prosecution may be re-opened following receipt of a CNOA by voluntary submission of an RCE before expiry of the four-month final fee deadline (and before the final fee is paid).¹¹ This time period is non-extendible.¹²

Considerations for double patenting

The introduction of RCE’s and excess claims fees stands very much in tension with Canada’s double patenting jurisprudence. The behaviours the new system seeks to encourage are not reflective of best practices in light of Canada’s entirely unique double patenting situation.

The new fees incentivize the filing of smaller claim sets during examination, whereas it is generally advisable to have the examiner consider the unity of all subject matter of long-term interest at the outset. The latter is because any divisional application filed without a unity objection creates the possibility of a double patenting challenge, for both the divisional and its parent. Canada has a court-created obviousness standard for double patenting but offers no provision for terminal disclaimer, or any other mechanism, to resolve double patenting situations when they arise. In contrast, the Supreme Court of Canada has affirmed that there can be no double patenting in respect of a divisional filing that is forced by a unity objection. In such situations, the unity objection provides an important safe harbour against double patenting. Once applicants elect a claim set after such a unity objection, they are typically locked into the scope of that election. Thus, it is important that the assessment of unity be comprehensive.

Under the new system, applicants will have to balance the expense of excess claims fees associated with larger claim sets against their future commercial aims for the Canadian market. It will not be advisable to remove commercially significant claims proactively with the expectation of presenting them in a future divisional filing due to the double patenting vulnerabilities that could then ensue.

In some cases, payment of excess claims fees may be warranted to secure a comprehensive assessment of unity for all subject matter of interest. However, applicants should not be forced to pay extra fees during prosecution to try to protect themselves from potential litigation in the future. This sets up a two-tiered patent system where only some applicants can afford to buy this protection.

If cost reduction is desired, it will be important, at minimum, to present an independent claim for each of the broadest embodiments in order to allow for the assessment of unity to occur. However, it remains to be seen how this strategy will fare in the courts.

The introduction of an RCE practice likewise presents a disadvantage for applications that disclose more than one invention, as one of the three permitted examination reports will be used to secure a unity objection and mitigate double patenting risk. At present, CIPO examiners often do not carry out substantive examination when a unity issue is identified, though it is hoped that this examiner behaviour will change under a new system of streamlined examination.

Avoidance of aspects of the new system (transitional provisions)

The amendments to the Patent Rules contain transitional provisions that exempt applications from excess claims fees and the requirement to file RCEs if examination is requested before the coming into force.¹³ Such requests will have to be filed by **September 30, 2022**. Likewise, any applicant planning to file a divisional application with more than 20 claims may wish to do so early and to request examination prior to this date.

Applications for which examination has been requested prior to coming into force, including those already in active examination, will be exempted from the requirement to file an RCE after three Office Actions unless an RCE is filed in order to re-open prosecution following allowance. In such case, an RCE will need to be filed after every two subsequent Office Actions.

Prospective patentees who wish to take advantage of these grandfathered flexibilities of the current system of examination may wish to request examination early. Those with pending Patent Cooperation Treaty or Paris Convention applications likewise may wish to file in Canada early and to request examination concurrently.

Footnotes

¹ Patent Rules, SOR/2019-251, s 80(1.1) and s 87(1.1), as amended by SOR/2022-120, in force October 3, 2022.

² Ibid s 80(2)(b).

³ Ibid s 87(1)(b).

⁴ Ibid s 85.1(1).

⁵ Ibid s 85.1(3) & s 85.1(5).

⁶ Ibid s 85.1(7).

⁷ Ibid s 85.1(2).

⁸ Ibid s 85.1(4).

⁹ Ibid s 85.1(7).

¹⁰ Ibid s 86(15).

¹¹ Ibid s 85.1(4).

¹² Ibid s 85.1(7).

¹³ Ibid s 61.

By

Graeme Boocock

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BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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