

Canadian Courts Send Clear Message: Protecting Patents Isn't Passive

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A recent decision from the Canadian Federal Court of Appeal (FCA) underscores the importance of implementing multi-layered patent docketing systems to prevent the loss of rights due to unpaid maintenance fees. This issue is especially critical for multinational companies or organizations managing global IP portfolios, where varying rules and requirements increase the risk of miscommunication that could lead to the unintended expiration of valuable IP rights.

In its recent decision in *Matco Tools Corporation v. Canada (Attorney General)*, the FCA overturned a lower court ruling that had relaxed the interpretation of the "due care" standard under Canada's revised Patent Act and Rules.[1]

The Decision of the Lower Federal Court

Earlier this year, the Federal Court set aside the Commissioner of Patents' decision to refuse reinstatement of Matco Tools Corporation's Canadian patent application, which had been deemed abandoned due to non-payment of the 2022 maintenance fee.[2] The missed payment resulted from a data migration error during the transfer of Matco's records to a third-party annuity service provider. Although the third-party provider flagged the issue via email, the error was overlooked, and the maintenance fee remained unpaid. A notice of non-payment from the Canadian Intellectual Property Office (CIPO) was sent to Matco's Canadian patent agents, who forwarded it to U.S. counsel. Both had previously been instructed not to take further action and did not escalate the notice to Matco. As a result, the application was deemed abandoned.

The Commissioner rejected Applicant's request to reinstate the application. The Commissioner applied the "due care" standard under the revised Patent Act and Rules, focusing on post-notice conduct rather than the total chain of events including initial migration error. The Commissioner noted that "only measures taken before the failure occurred will be considered in the analysis,"[3] and deemed the initial data migration error as "not relevant" to the due care determination. The decision faulted Matco's communication breakdowns and found inadequate due care to prevent abandonment.[4]

Matco filed for judicial review with the Federal Court. The Federal Court criticized the Commissioner's rigid interpretation of due care, ruling that a proper due care analysis should consider the entire chain of events—from the root cause of the failure to the final opportunity for correction.[5]

The Decision on Appeal

However, on appeal, the FCA restored the Commissioner's decision finding the patent application should not have been reinstated. The FCA found that the Federal Court improperly substituted its own judgment and failed to defer to the Commissioner's reasoning. The appellate court affirmed that the Commissioner reasonably focused on the period between the Notice and the abandonment deadline, rather than on the earlier data migration error.[6]

FCA also held that all authorized individuals involved, including Canadian patent agents, U.S. counsel, and third-party annuity service providers had an obligation to exercise due care. The Court also found that prior instructions not to pay maintenance fees did not excuse the failure to forward CIPO's notice of non-payment and communications regarding the maintenance fees or otherwise inform the Applicant of missed maintenance fee payments.[7]

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If you have questions about this development or other Canadian patent matters, please contact your Miller Canfield attorney or one of the authors of this alert.

[1] *Matco Tools Corporation v Canada (Attorney General)*, 2025 FCA 156.

[2] *Matco Tools Corporation v Canada (Attorney General)*, 2025 FC 118.

[3] *Ibid* at para 23.

[4] *Ibid* at para 26.

[5] *Ibid* at para 40.

[6] *Matco*, 2025 FCA 156 at para 54.

[7] *Ibid* at para 40.