

## **PATENTS ACT 1977**

IN THE MATTER OF

EP(UK) patent 0 493 695

in the name of Castolin S.A.

### **DECISION**

#### **The facts and issues**

1 The facts giving rise to the present issue can be shortly summarised. The Patent Office had said, in both the Patents and Designs Journal and the Patents Register, that EP(UK) patent 0 498 695 ceased on 4 March 1997. This was a mistake on the Office's part: the patent had never at any time lapsed. In correspondence the Office acknowledged its mistake and proposed to put matters right by "reinstating" the patent, but only if the proprietors would accept what are usually called third-party terms. This they were unwilling to do and a hearing was requested: this was held before me on 7 January 1998 and Mr R Perry (with Mr J Jappy) of Gill Jennings & Every represented the proprietors; Mr P Twyman of the Patent Office also attended.

2 Let us now look into this in more detail. The mistake made by the Patent Office as to dates has not been explained. The register entry for EP(UK) patent 0 493 695 showed that the application was filed at the European Patent Office (EPO) on 3 December 1991 and was granted by the EPO on 4 December 1996. The filing date was corrected by the EPO in December 1996 from 1 January 1992 to 3 December 1991, and that may have caused some confusion in this office, and the result was that 4 March 1997 was recorded as the date on which the first renewal fee was due to be paid to this office. Renewal fees payable under UK law or under the European Patent Convention are of course due on anniversaries of the filing date<sup>1</sup>, so it is not clear why 4 March 1997 was chosen instead of the correct date of 3 December 1997.

3 When 4 March 1997 passed without payment of the renewal fee, the Office followed its usual procedure of reminding the proprietor that payment was now overdue: the standard letter P REN 5 issued to the agents Gill Jennings & Every on 29 March 1997. The letter shows the renewal date clearly as 4 March 1997. Mr Perry said that they received the letter; curiously they

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<sup>1</sup>Rules 39(1) and (2), Patents Rules 1995; Article 86(1), European Patent Convention

did not question the incorrect date. No renewal fee was received within the six months that is then allowed for late payment, so that at 4 September 1997 the Office believed that the patent had definitely ceased: on 2 October 1997 it sent its standard letter CEA 1 saying so. This now prompted a query from the agents, which resulted in the Office error being brought to light. The ceasing of the patent as of 4 March 1997 was however recorded in the Patents Register on 1 October 1997 and advertised in the Patents and Designs Journal on 22 October 1997.

4 How was this situation to be put right? The Office made two points in its letter of 27 October 1997 in response to the agents' query. Firstly, there had clearly been an irregularity in procedure, for which apologies were offered, and this could be rectified under the provisions of Rule 100(2)(b) of the Patents Rules 1995. The patent would be "reinstated". Indeed the Office had already taken steps to warn of the possibility of reinstatement by advertising the start of a Rule 100 action in the Journal: this was to appear on 12 November 1997. Secondly, before reinstatement of the patent could be done, it would be necessary for the proprietor to accept third-party terms which (broadly speaking) protect those who in good faith used the invention in the time window starting from the date at which the patent could no longer be renewed (4 September 1997) and ending at the date at which the Journal warned of possible reinstatement (12 November 1997).

5 The agents questioned both these points: Rule 100(2)(b) was inappropriate as no (correct) time limit had been exceeded; and third-party terms should not be imposed on an innocent proprietor. The Office responded to the last by referring to two precedents, *Coal Industry (Patents) Ltd's Application* [1986] RPC 57 and *Kangaroos USA Inc.'s Application* (an unreported decision dated 4 October 1985, SRIS reference O/136/85), in both of which the Office was to blame for the failure to process patent applications, which were therefore not granted within the time allowed by law. The agents did not accept the relevance of these precedents. There the arguments rested when it came to the hearing.

6 At the hearing Mr Perry's arguments fell into three groups:

#### 6.1 *Legal basis*

The argument centred on Rule 100 of the Patents Rules 1995, which reads:

### *Rule 100*

(1) Subject to paragraph (2) below, any document filed in any proceedings before the comptroller may, if he thinks fit, be amended, and any irregularity in procedure in or before the Patent Office may be rectified, on such terms as he may direct.

(2) In the case of an irregularity or prospective irregularity -

(a) which consists of a failure to comply with any limitation as to times or periods specified in the Act or the 1949 Act or prescribed in these Rules or the Patents Rules 1968 as they continue to apply which has occurred, or appears to the comptroller is likely to occur in the absence of a direction under this rule;

(b) which is attributable wholly or in part to an error, default or omission on the part of the Patent Office; and

(c) which it appears to the comptroller should be rectified,

the comptroller may direct that the time or period in question shall be altered but not otherwise.

(3) Paragraph (2) above is without prejudice to the comptroller's power to extend any times or periods under rule 110 or 111.

Mr Perry said firstly that Rule 100(2) did not apply because that sub-section applies in the circumstance of a failure to comply with a time limit, the comptroller having discretion then to alter that time limit. Here the proprietor had complied with the correct time limit, and there was therefore no time limit that it was necessary to alter. Equally the Office was incorrect to offer "reinstatement" of the patent, because the patent had not in fact lapsed. In this respect the situation was distinguished from that of the two precedent cases, where there had been a real lapse in patent rights. I suggested to Mr Perry that if the specific circumstances of Rule 100(2) were not applicable then the more general power of Rule 100(1) to rectify other irregularities may be an alternative avenue to putting matters right. Mr Perry was reluctant even to accept this, firstly because he thought that the Rule should be construed such that all irregularities would fall under Rule 100(2) (although in discussion he appeared eventually to concede this was not so), and secondly because he could see that Rule 100(1) gives the comptroller the discretion to impose "such terms as he may direct", and those terms would be likely to be adverse to his client. He suggested that all that was necessary was for the Office simply to withdraw its incorrect notices and register entries, without reference to any rule and without imposition of terms.

### 6.2 *Need for third-party terms*

Mr Perry argued that the public interest did not require the imposition of third-party terms

because the risk of anyone having been misled into believing that the patent was now public property was zero. The register entry was internally inconsistent, as it showed the correct filing date: there was evidently an error. As for the Journal entry it would not have been trusted in isolation: the patent would have been read by those interested in exploiting it and they would have calculated the dates on which it might lapse: the filing date of the application would have shown that it could not have lapsed before 3 December 1997. There was in fact no need even to check the Journal before then. This distinguished the situation sharply from that in the two precedent cases because there the public had no way of cross-checking the advertised lapse of the applications against other indications. In summary, there was here no third party needing protection.

### 6.3 *Culpability*

Mr Perry further distinguished the two precedent cases in that the agents there must have been culpable in not enquiring as to the fate of their patent applications when the Office failed to issue any report. Here the proprietors had done everything necessary to maintain the patent. I asked Mr Perry why the P REN 5 reminder letter of 29 March 1997, with its incorrect renewal date, had not acted as a trigger for him to make enquiries with the Office. He replied that it was not feasible to check all of these letters, and in any case the mistake was so obvious as not to need rectification.

### **Findings**

7 I have to find against Mr Perry on the following points. Firstly, I think there has very clearly been an irregularity in procedure before the Patent Office which requires rectifying. Mr Perry says nothing is wrong because the patent is actually in force, no time limit has been missed and no-one will have been misled about the fate of the patent. I cannot accept this: the Office's mistake over dates has led it record and advertise the patent as lapsed, and this major error in the public record still obtains. Secondly, I think rectification in a matter as serious as this must be made in accordance with the statutory provisions that were enacted to deal with just this type of situation: I am referring to the provisions of Rule 100(1). I am prepared to accept Mr Perry's case against using Rule 100(2), but I construe Rule 100(1) to be appropriate to deal with all procedural irregularities other than the time-related irregularities covered by Rule 100(2), and thus appropriate for the present situation. I therefore use Rule 100(1) as the statutory basis for my decision.

8 Rule 100(1) further confers discretion on the comptroller to impose appropriate terms, and such terms are very necessary where, as here, the existence of patent rights has been put in doubt. Mr Perry says that no-one can have been misled into exploiting the patent; if so, one might query why he resists third-party terms, as they will impose no burden on the patentee. I cannot however agree with him that we can in effect ignore the position of third parties: for those of them who noticed the discrepancy in dates, some may have been prepared to trust the Patent Office's incorrect view, believing that the Office is after all authoritative in maintaining the Register, and perhaps that some reason for lapsing other than non-payment of renewal fees may have caused this patent to be deleted. Others may not have noticed the date discrepancy and could have acted on the Office's announcement without further question. The Patent Office has, very regrettably, given the public incorrect information about this patent: it has said that the patent has lapsed and, by implication, may be exploited. There is a serious irregularity here which can and should be rectified using the statutory powers available. I am not however prepared to order rectification without allowing for the risk, however small (and I do not think in the real world a risk such as this can ever safely be taken to be zero), that third parties may have acted on that incorrect information. As I observed above, if the risk is indeed small there would be little to fear in accepting terms. I add here that the extent to which the proprietors are culpable in all this does not seem to me a factor relevant to the issue I have to decide.

9 I wish now to look at the terms which the Office has proposed: these were set out in its letter of 27 October 1997. I see that the time window over which third parties are protected opens on 4 September 1997 (the date on which renewal of the patent was no longer possible) and closes on 12 November 1997 (the date on which the present action under Rule 100 was announced in the Journal). I appreciate that these dates are chosen by analogy with the terms that are imposed by statute (sections 28A(4) to (7) of the Act) whenever a patent is restored. I do not however think that the first of these dates is appropriate to the present situation. We are not here considering third parties that are waiting to exploit the patent and have calculated the very first date on which they can move in: such parties would here have been aware of the correct dates for renewal. We are on the other hand considering third parties that would have been misled by the incorrect announcements of the Office: these were made in the Register on 1 October 1997 and in the Journal on 22 October 1997. I do not think the first of these is quite appropriate to open the time window, because an entry made in the Register under a specific patent is not an announcement disseminated to the public at large and would only have been seen by someone who had reason to check the patent status at that time. Again, such a person would have been using

the correct dates. The Journal advertisement on the other hand was the public announcement that may have triggered interest in the patent. I conclude that that date, 22 October 1997, is therefore the appropriate one to open the time window in this case.

10 The terms proposed by the Office also speak of the patent having been treated as ceased by virtue of Section 25(3) of the Act, and having been reinstated. Whether the patent did in fact lapse or not is arguable, but is not a crucial point. I have amended the wording of the terms to avoid it.

11 To summarise, I direct under Rule 100(1) that the proprietor indicate, within fourteen days after the date of this decision, his acceptance of the following terms, and that the Office on receipt of that acceptance promptly take all necessary steps to rectify the irregularities that have occurred in the Patents Register and in the Patents and Designs Journal. The terms are:

(1) If between 22 October 1997 and 12 November 1997 a person-

(a) began in good faith to do an act which would constitute an infringement of EP(UK) patent 0493695 if it were then in force, or

(b) made in good faith effective and serious preparations to do such an act,

he has the right to continue to do the act or, as the case may be, to do the act, notwithstanding that the patent continues in force; but this right does not extend to granting a licence to another person to do the act.

(2) If the act was done, or the preparations were made, in the course of a business, the person entitled to the right conferred by paragraph (1) above may-

(a) authorise the doing of that act by any partners of his for the time being in that business, and

(b) assign that right or transmit it on death (or in the case of a body corporate on its dissolution), to any person who acquires that part of the business in the course of which the act was done or the preparations were made.

(3) Where a product is disposed of to another in exercise of the rights conferred by paragraph (1) or (2) above, that other and any person claiming through him may deal with the product in the same way as if it had been disposed of by the registered proprietor of the patent.

(4) The above provisions apply in relation to the use of the patent for the services of

the Crown as they apply in relation to infringement of the patent.

12 Any appeal from this decision must be made under Order 104 Rule 19 of the Rules of the Supreme Court and lodged within 14 days after the date of this decision, this being a decision on a matter of procedure.

Dated this 18<sup>th</sup> Day of February 1998

**H J EDWARDS**

Principal Examiner, acting for the Comptroller

**THE PATENT OFFICE**