



BL O/078/04

25 March 2004

PATENTS ACT 1977

APPLICANT	Mr Dick Lucien Chitolie
ISSUE	Imposition of terms as a condition of extending the period for filing request for substantive examination in respect of patent application GB0106932.7
HEARING OFFICER	M C Wright

DECISION

The issue

- 1 The facts in this case can be summaries as follows. The patent applicant, Mr Chitolie, failed to file a request for substantive examination of his patent application within the prescribed period and consequently the application was announced as terminated. Mr Chitolie subsequently requesting an extension of time to file the substantive examination request. In its letter of 19 November 2003, the Patent Office agreed to allow the extension subject to Mr Chitolie accepting the imposition of certain terms as set out in that letter. The office considered the terms to be necessary to protect the position of any third party who, on the basis of the termination announcement may, in good faith, have started or made serious preparation to start using the invention to which the application relates if the application eventually leads to the grant of a patent. Mr Chitolie was unwilling to accept the terms and a hearing was requested which was held on 4 March 2004.
- 2 Mr Chitolie attended the hearing accompanied by Ms C Hanson. Mr R Sanders attended from the Patent Office.

Background

- 3 I shall now look at the matter in more detail. The patent application was filed on 20 March 2001 and published on 14 November 2001. In accordance with rule 33(2) of the Patents Rules 1995, Mr Chitolie was required to file a request for substantive examination using a Patents Form 10/77 together with the prescribed fee within six months of the date of publication or within the one month extension allowed under rule 110(3). He failed to file the request in time and so the patent application was terminated and a notice announcing the

termination was published in the Patents and Designs Journal of 28 August 2002.

- 4 After being informed of the termination, Mr Chitolie filed a request under rule 110(4) to extend the period for filing a request for substantive examination. Rule 110(4) reads:

A(4) Without prejudice to paragraph (3) above, a time or period prescribed in the rules referred to in that paragraph may, upon request made on Patents Form 52/77, be extended or further extended if the comptroller thinks fit, whether or not the time or period (including any extension obtained under paragraph (3) above) has expired; and the comptroller may allow an extension, or further extension, under this paragraph on such terms as he may direct and subject, unless he otherwise directs, to the furnishing of a statutory declaration or affidavit verifying the grounds for the request.@

- 5 After considering the extension request, the Office agreed to allow the extension on the grounds that it was satisfied that, although Mr Chitolie failed to file the request for substantive examination in time, he had a continuing underlying intention to proceed with his patent application. The Office considered it appropriate to make the extension subject to Mr Chitolie accepting certain terms bearing in mind that under rule 110(4) the Comptroller may allow an extension on such terms as he may direct.

- 6 The terms, which I shall refer to as Athird party terms@, are analogous to those in section 28A which apply when a patent is restored under section 28. The terms were set out in the Office's letter of 19 November 2003 and read as follows:

- A(i) If between 28 August 2002 and 21 May 2003, a person -
- (a) began in good faith to do an act which constitutes an infringement of a patent granted on application number GB0106932.7 or any application divided under Section 15(4) from this application, or
 - (b) made in good faith effective and serious preparations to do such an act, he shall have the right to continue to do that act or, as the case may be, to do the act, notwithstanding the grant of the patent, but this does not extend to granting a licence to another person to do the act.
- (ii) If the act was done, or the preparations were made, in the course of a business, the person entitled to the right conferred by sub-paragraph (i) above may -
- (a) authorise the doing of that act by any partner of his for the time being in that business, and
 - (b) assign that right, or transfer 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

preparation made.

- (iii) Where a product is disposed of to another in the exercise of the right conferred by sub-paragraph (i) or (ii) above, that other and any other 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.
- (iv) The above provisions apply in relation to the use of a patent for the services of the Crown as they apply in relation to the infringement of the patent.®

Applicant=s case

- 7 At the hearing Mr Chitolie indicated that he did not consider the terms appropriate because he said it was not his fault that the application had been terminated and the Office had accepted that he intended to proceed with his application notwithstanding the fact that he had not filed the request for substantive examination in time. He considered it unacceptable that a third party should benefit from using the invention without incurring the cost of applying for a patent as he had done.
- 8 Mr Chitolie also expressed concern about anyone claiming that they started in good faith to use the invention within the period prescribed in the terms, which I shall refer to as the **A**third party window®, but had in fact started outside that window of time. He considered it to be unacceptable that he should be put to the expense of taking out infringement proceedings against such a person.
- 9 In supporting Mr Chitolie, Ms Hanson argues that an opportunist third party should not be allowed to jump into using the patent as soon as it was announced as terminated and that there should be a grace period to take account of the possibility that the applicant may not have intended to allow the application to terminate and may apply to have it reinstated by applying for an extension of the period for requesting substantive examination.

Assessment

- 10 When a patent or application for a patent is announced as ceased or terminated by the Patent Office members of the public can reasonably assume that they would be free to exploit the invention to which the patent or patent application applied without fear of infringement action being taken out against them. If, in the event, the patent or patent application is subsequently resuscitated, it seems reasonable that anyone who started to make use of the invention or started to make serious preparation to use the invention on the basis of that announcement should be protected from possible charges of infringement by being accorded rights that protect their position. This principle was clearly recognised by Parliament when it agreed to section 28A which set out the terms for protecting third parties in the case of patents restored under section 28. It seems wholly reasonable to me that similar terms should apply in the case of a patent application which is reinstated following the exercise of discretion under rule 110(4). In my view, the terms applied by the Office strike the right balance between the interests of the public and the rights of the applicant.

11 The principle of applying such terms in cases where the Comptroller exercises discretion, which results in an application being reinstated after being announced as terminated, has been recognised by the Patents Court. In *Coal Industry (Patents) Ltd's Application* [1986] RPC 57, where the applicant appealed against similar third party terms being imposed by the Office as a condition of the Comptroller exercising discretion under rule 100 to reinstate an application, Falconer J concluded his decision by saying:

AIn my view, if I had to exercise this discretion afresh myself, I would have imposed exactly the same terms. As I have already indicated, I do not think that there are any grounds here for my interfering with the exercise of the discretion: but it is a comfort to me to think that I would have come to exactly the same conclusion@

12 Other examples of cases where third party terms have been applied as a condition of the Comptroller exercising discretion, which results in the reinstatement of a patent or patent application, are: *Elf Union's Application* SRIS 0/96/81, *Kangaroo's USA's Application* SRIS 0/136/85 and *Castolin S.A.'s Patent* SRIS 0/007/98.

13 With regard to Ms Hanson's point about allowing for a period of grace, what I understand her to mean by this is that the third party window should commence some time after the application had been announced as terminated. I do not believe that such a delay is appropriate as the applicant would already have had a chance to extend the period by one month in accordance with rule 110(3). Moreover, it would be quite reasonable for a third party to rely on the termination announcement in the Patents and Designs Journal and to assume that the application had allowed the application to have lapsed by not requesting substantive examination. Had they consulted the Register of Patents they would also have seen that the application had been recorded as terminated and would have no reason to believe that the termination was not intended. I think it is also worth mentioning that the third party window starts later than that prescribed in section 28A. In section 28A the third party window opens when it was no longer possible to pay a renewal fee which is some time before the patent is announced as ceased in the Patents and Designs Journal.

14 In response to concern expressed by Mr Chitolie about a third party being allowed to take out a patent on his invention, I explained that it would not be possible to grant a third party a patent for the invention because it had been published and, therefore, would be cited against any new application for a patent. Mr Chitolie made the point that if a third party cannot be granted a patent, why does the third party terms state that such a person cannot grant a licence to use the invention. My understanding is that this wording, which is the same as that used in section 28A, is intended to preclude any possibility of a third party attempting to transfer the right, which the terms impart, to another person even though that right is not bestowed by a patent.

15 I appreciate Mr Chitolie's concern that anyone who is able to use the patent in accordance with the third party terms will be able to do so without having had to incur the cost of obtaining a patent. I also recognise that pursuing infringement action against anyone, who Mr Chitolie might have reason to believe did not commence using the invention within the third

party window, could be costly. However, I must have regard for the interests of third parties whose position could be seriously undermined by resuscitation of the application if, in the event, a patent is granted for the invention.

- 16 I recognise that the third party terms might well diminish the patent rights to some extent. Nevertheless, I believe the terms strike the right balance between the interest of the public and the rights of the applicant and that the balance of justice demands that such terms should be applied. This principle is objectively reasonable and I can see no reason why it should not be applied in the present case. Certainly, Parliament considered such terms to be appropriate when it agreed to the provisions set out in section 28A in respect to the restoration of patents.

Conclusion

- 17 I am satisfied that the third party terms set out in the Patent Office's letter of 19 November 2003, as a condition for allowing the extension of the period for requesting substantive examination which would result in the reinstatement of the application, are appropriate. I, therefore, direct that Mr Chitolie shall be given 28 days from the date of this decision to accept the terms. If he does so, the period for filing the substantive examination request shall be extended, to take account of the late filing of the Patents Form 10/77 and fee, provided Mr Chitolie files a Patents Form 53/77 and the prescribed fee of £135 within the same 28 day period. If he does not accept the terms and/or does not file the Patents Form 53/77 and fee of £135 within the 28 days, the application shall remain terminated.

Appeal

- 18 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days from the date of this decision.

M C Wright
Assistant Director acting for the Comptroller

