

The law

- 6 The relevant provision in relation to the filing of a divisional application is section 15(9), which reads:

Where, after an application for a patent has been filed and before the patent is granted -

(a) a new application is filed by the original applicant or his successor in title in accordance with rules in respect of any part of the matter contained in the earlier application, and

(b) the conditions mentioned in subsection (1) above are satisfied in relation to the new application (without the new application contravening section 76 below),

the new application shall be treated as having, as its date of filing, the date of filing the earlier application.

- 7 The relevant rule at the time the patent was granted, and also in July 2007 when the attorneys contacted the Office to discuss the filing of a divisional, was rule 24 of the Patents Rules 1995 (as amended). This read:

(1) Subject to paragraph (2) below, a new application for a patent, which includes a request that it shall be treated as having as its date of filing the date of filing of an earlier application, may be filed in accordance with section 15(9) not later than the beginning of the third month before the end of the period ascertained under rule 34 in relation to the earlier application as altered, if that be the case, under rule 100 or rule 110 ("the rule 34 period"):

Provided that, where the first report of the examiner under section 18 is made under subsection (4) and the comptroller notifies the applicant that the earlier application complies with the requirements of the Act and these Rules, notwithstanding the foregoing provisions of this paragraph but subject to paragraph (2) below, a new application may be filed not later than the expiry of the period of two months beginning on the day that the notification is sent.

(2) Where any of the following dates falls before the date ascertained under paragraph (1) above, a new application may only be filed before that date instead of the date so ascertained

(a) the date when the earlier application is refused, is withdrawn, is treated as having been withdrawn or is taken to be withdrawn;

(b) the expiry of the rule 34 period ascertained in relation to the earlier application; and

(c) the date when a patent is granted on the earlier application.

8 This rule was replaced on 17 December 2007 by rule 19 of the Patents Rules 2007, which states:

(1) A new application for a patent may be filed as mentioned in section 15(9)—

(a) before the end of the relevant period; or

(b) if earlier, before the earlier application is terminated or withdrawn.

(2) Such an application must include a statement that it is filed as mentioned in section 15(9).

(3) For the purposes of this rule the relevant period is—

(a) where an applicant is notified under section 18(4) that his earlier application complies with the requirements of the Act and these Rules, two months beginning with the date of that notification; or

(b) in any other case, the period ending three months before the compliance date of the earlier application.

9 Also relevant is rule 107 of the 2007 Rules, which deals with the correction of irregularities of procedure before the Office, and reads:

(1) Subject to paragraph (3), the comptroller may, if he thinks fit, authorize the rectification of any irregularity of procedure connected with any proceeding or other matter before the comptroller, an examiner or the Patent Office.

(2) Any rectification made under paragraph (1) shall be made –

(a) after giving the parties such notice; and

(b) subject to such conditions,

as the comptroller may direct.

(3) A period of time specified in the Act or listed in Parts 1 to 3 of Schedule 4 (whether it has already expired or not) may be extended under paragraph (1) if, and only if –

(a) the irregularity or prospective irregularity is attributable, wholly or in part, to a default, omission or other error by the comptroller, an examiner or the Patent Office; and

(b) it appears to the comptroller that the irregularity should be rectified.

10 The attorneys also referred the examiner to the decision of the Patents Court in *Howmet*¹ and made submissions in respect of it. I consider these in more detail below.

Arguments and analysis

11 An initial, brief exchange of views occurred in early July 2007 between the examiner Ms Beverley Lloyd and Mr Jagvir Purewal of Marks and Clerk. Mr Martin Hagmann-Smith of Marks and Clerk subsequently presented more detailed arguments in an email of 14 August 2007 and in letters of 28 January, 20 June and 3 September 2008. The examiner's position was set out in emails to Mr Hagmann-Smith on 5 October 2007 and 11 June 2008, and in a letter of 25 July 2008.

12 It seems to me, in considering the various arguments raised, that the first point to consider is whether an error or omission was committed by the Office in this case.

13 The attorneys argue that the Office's failure to send the requested notification was an omission on the Office's part. The examiner does not appear to contradict this view, but neither does she confirm that an omission occurred nor, regrettably in my view, does she offer any apology for the Office's failure to communicate with the applicant before granting the patent.

14 The Office has a well-established (although non-statutory) procedure in these and similar circumstances. It involves giving the applicant an indication of when the application is likely to be re-examined and (if found to be in order) granted, and it also involves providing a short delay before that occurs - in order to allow for the filing of a divisional application². In this case, the applicant was entitled to assume that the Office would have followed that procedure in response to their request. It is therefore clear to me that the Office's failure to communicate with the applicant, after their request was made and before granting the patent, was an omission. On the Office's behalf, I take the opportunity to apologise for that omission and for the inconvenience it has caused the applicant.

15 Given that I have found an omission to have occurred, the next question is the relevance of *Howmet* to the circumstances of this case.

16 *Howmet* concerned the exercise of discretion under the forerunner to rule 107 (namely, rule 100 of the Patents Rules 1995) in the circumstances where a possible divisional application had been foreshadowed but the parent application had nevertheless been granted. The Hearing Office found that the Office had made an omission in granting the parent application without first notifying the applicant, but he refused on the facts of the case to exercise his discretion favourably under rule 100.

17 This refusal was overturned on appeal to Patents Court, and the attorneys in the present case argue that paragraphs 13 and 15 of that judgment are particularly

¹ *Howmet Research Corporation's Application* [2006] RPC 27, [2006] EWHC 725 (PAT)

² See the *Manual of Patent Practice* paragraph 15.46

relevant. At paragraph 13, Pumfrey J said that

a straightforward approach to the exercise of a discretion in a case of this description, once it is accepted that there has been a relevant error, default or omission on the part of the Office, is to ask whether, had the Office done what it should have done, the applicant would have taken the step closed to him.

And he continued at paragraph 15 to say that, if it is shown that the applicant would have taken that step, there can be few reasons why the comptroller's discretion should be exercised against the applicant.

18 The examiner's contention is that *Howmet* is not relevant because of the differences between the circumstances of that case and the present case - most notably the considerable delay that arose in the present case between the patent being granted and the attorneys contacting the Office.

19 My view of the point is this. *Howmet* is relevant because it sets the framework by which I must decide this matter. I must look at whether, if the Office had responded correctly to the applicant's request, the applicant would have filed a divisional application. If I conclude on the balance of probabilities that they would have done, I must then decide whether there are any reasons why I should not exercise discretion under rule 107 in their favour. At this stage, the delay and any other factors become relevant in making that decision.

20 At this point, I note the wording contained in the attorneys' letter of 29 March 2005 in response to the examination report of 29 July 2004. The final paragraph of that letter stated:

The Applicant intends to file a divisional application. Therefore, if the Examiner now intends to pass the application to grant, she is requested to notify us first and to set a term of no less than one month in which to file a divisional application.

21 A key contention by the examiner in her replies was that this paragraph amounted to a "specific statement of the applicant's intention to file a divisional [application] within one month". The examiner argued that, had the intention been genuine, the applicant would have attempted to file a divisional application within one month, and thus would quickly have discovered that the parent application had in fact been granted. She concluded that, in the absence of this happening, "there was never any real intention of filing a divisional".

22 The attorneys contend that the examiner's interpretation of the paragraph is wrong, and that the applicant did not say that they intended to file a divisional application within one month of the date of the letter.

23 I agree entirely with the attorneys' view. I cannot see any basis for the examiner's conclusion that the letter amounted to a commitment by the applicant to file a divisional application within one month. What it does is to request that the applicant is notified if the parent application is found to be in order for grant, and to request that the applicants are then given one month from that notification in

which to prepare and file a divisional application - before the parent application is granted.

- 24 I am content to accept the attorneys' argument that they and the applicant allowed one month for the process of preparing and filing of that divisional application, and so they did not plan to start that process until they had heard from the Office. That seems entirely reasonable, and does not to me suggest a lack of diligence. I therefore disagree with the examiner's contention that a diligent applicant would, having requested a notification from the Office, then start to prepare the divisional application anyway.
- 25 I therefore conclude on the balance of probabilities that the applicant fully intended to file a divisional application and - if the Office had responded to their request - the applicant would have filed the desired divisional application before the parent application was granted.
- 26 Following *Howmet*, I now therefore need to decide whether there are any reasons for not exercising discretion favourably - and I must bear in mind the clear statement in the judgment that there should be few such reasons for doing so.
- 27 I have already found that there is no reason to conclude that there was a lack of diligence on the part of the applicant, simply because they chose to await a response from the Office before preparing the divisional application. However, some further points were raised by the examiner about the length of time that elapsed before the applicant or attorney contacted the Office to discuss filing of a divisional application. In particular, the examiner referred to the fact that the applicant had been notified of the grant of the patent and had also paid a renewal fee on the patent, but that these actions did not appear to prompt the applicant into seeking a divisional application.
- 28 The attorneys set out in their correspondence why this was the case. In particular, they explain that the notification of grant, and renewal matters, are dealt with administratively and without the involvement of an attorney. In their words, "it would be entirely unreasonable for the notification of grant to trigger a wholesale review of the file in question and to check whether the Patent Office might have made a mistake". The attorneys also explain that it was a non-unity objection raised on the Canadian equivalent application that prompted the review of other equivalent applications, including the British patent, in order to see if divisional applications had been filed in those other countries. The attorneys explain that they contacted the Office within 2 working days of that review and of discovering the omission that it revealed.
- 29 I accept that, at first sight, it may seem a little odd that an applicant who clearly is planning to file a divisional application seems to forget all about it for over two years. But I am on balance content to accept the attorneys' explanation as to how this was able to occur, and I cannot see that it provides a good reason, bearing *Howmet* in mind, for refusing to exercise discretion favourably under rule 107 in order to rectify the Office's omission.
- 30 I am also mindful that rule 107 applies provided the error or omission is at least partially the Office's fault. So, even if it could be said that the applicant were

partially responsible for the failure to file the divisional application or for the delay in the issue coming to light (and I am not making any finding in this respect), discretion remains under rule 107 to rectify the matter in accordance with *Howmet*, because of the Office's failure to communicate with the applicant before granting the patent.

- 31 In conclusion, I find that the Office's omission led to the applicant's failure to file the intended divisional application, and in the circumstances there are no good reasons why discretion under rule 107 should not be exercised favourably.
- 32 The opening wording of section 15(9) makes clear that a divisional application may not be filed after grant of the earlier application (this requirement was also repeated unnecessarily in rule 24(2)(c) of the 1995 Rules). Therefore the procedure in these circumstances, as recognised in *Howmet*, is for the comptroller to use rule 107 (rule 100 of the 1995 Rules at the time of *Howmet*) to rescind grant of the patent, extend any necessary time periods, and thus allow a divisional application to be filed and prosecuted.

Third party terms

- 33 Having concluded that the applicant should be allowed to file a divisional application, I must now consider the impact on third parties. Once the patent was granted, third parties would have assumed that subject matter disclosed but not claimed was free to use. That in fact will not be the case if a divisional application is now filed and a further patent is granted as a result.
- 34 The attorneys addressed this issue briefly in their letters of 20 June 2008 and 3 September 2008, and more fully in their further submissions (made at my request) on 1 December 2008.
- 35 Their primary position was that third party terms are not appropriate in this case. They argue that a diligent third party would have been put on notice regarding the possibility of a late-filed divisional application by looking at the file - and by seeing that a divisional application had been foreshadowed but that the Office had omitted to act correctly. They also argue that, in previous cases where third party terms have been imposed, there has been some fault on the part of the applicant or attorney resulting in a loss of rights which makes third party terms "entirely appropriate". In this case, they contend that there is no fault on the part of the applicant or attorney and so third party terms are not appropriate. In this respect, the attorneys drew my attention to the decision of the Patents Court in *Eveready*³.
- 36 My view is that - generally speaking - the purpose of third party terms is not to punish the applicant but to protect third parties who may have been acting in good faith, and who would be unfairly prejudiced by the turn of events if those terms were not imposed. So I do not think it is simply a matter of third party terms being applied when the applicant is at fault, and them being automatically left unapplied if the applicant is not at fault.

³ *Eveready Battery Company Inc.'s Patent* [2000] RPC 852

- 37 In *Eveready*, the Office had erroneously recorded a patent as having ceased for non-payment of a renewal fee, when in fact the fee had been timely paid. The Office took the view that its error meant that the patent had ceased, but that it could restore the patent under rule 100 of the 1995 Rules, subject to third party terms being applied under the powers given in that rule. The Patents Court, on appeal, held that in the circumstances the patent had not, in fact, ceased at all. There was therefore no question of the comptroller needing to use rule 100 to restore the patent, and so no power to require third party terms to be applied before any such restoration.
- 38 In my view, there is a fundamental difference between *Eveready* and the present case. In *Eveready* the rights in question were found in fact never to have been lost. So rule 100 was not invoked in order to reinstate those rights, and third party terms were not in issue. In this case, if rights eventually result from the filing of a divisional application, those rights will have been ones which were lost for a significant period. They will have been reinstated through the proper operation of rule 107 (as it now is) and so it is appropriate that third party terms are applied.
- 39 I should add that I am not persuaded by the attorneys' argument that third parties would have been sufficiently put on notice by the pre-grant letter foreshadowing a divisional application. In my view, third parties would have reasonably assumed that grant of the patent drew a line under the matter, and that material disclosed in the application but not claimed was going to stay unprotected.
- 40 I therefore find that third party terms of a standard form should be applied in this case, in order to protect any third parties who have acted in good faith in respect of the invention which may now be subject to protection as a result of a divisional application. Of course, the terms will not protect third parties from infringement in respect of an act which falls within the scope of the earlier patent. If an act were to fall within the scope of both the parent and the divisional patents, infringement could be found in respect of the former but not the latter.
- 41 The remaining issue is the period that the terms should cover. While maintaining that terms were not appropriate, the attorneys suggested that if I were to find otherwise then the period should start on the date of grant of the (parent) patent. I agree with that suggestion. The attorneys also suggested that the period should end on 4 July 2007, which is the date that Mr Purewal first contacted the examiner to discuss the filing of a divisional application after grant. Having given it some thought, I accept that this is a reasonable suggestion. Mr Purewal's email of 4 July 2007 was explicit in its assertion that the filing of a divisional application was allowable, on the basis of *Howmet*. In my view, it provided a reasonable basis on which a third party reviewing the file would conclude that a divisional application was once again likely to be in prospect.

Conclusion

- 42 I conclude that it is appropriate for the comptroller to exercise his discretion under rule 107 to rescind grant of the patent and to allow a divisional application to be filed. I also conclude that it is appropriate for third party terms to be imposed in respect of the invention protected by any such divisional application.

Order

43 I therefore order as follows:

1. *The patent proprietor has one month from the date of this decision to request rescission of the grant of the patent.*
2. *The comptroller will, on the patent proprietor's request, use rule 107 to -*
 - (i) rescind the grant of the patent*
 - (ii) set the compliance date of the re-created patent application to be 6 months from the date of the rescission, and*
 - (iii) re-grant the patent after 1 month or (if earlier) as soon as possible after a divisional application has been filed.*
3. *Under rule 107(2)(b), any divisional application so filed will be subject to the following terms:*
 - (i) If, between 26 April 2005 and 4 July 2007, a person -*
 - (a) began in good faith to do an act which would constitute an infringement of a patent granted in respect of a divisional application divided under section 15(9) from the patent application GB0410102.8, or in respect of any application divided under section 15(9) from that divisional 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 the 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 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 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.

Appeal

- 44 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

Dr J E PORTER

Deputy Director acting for the Comptroller