



27 March 2009

PATENTS ACT 1977

APPLICANT Derek Norman Green

ISSUE Whether patent application number
GB 0808277.8 should be reinstated
under Section 20A

HEARING OFFICER Mr. G.J. Rose'Meyer

DECISION

Introduction

- 1 Application GB0808277.8 was filed on 7 May 2008 in the name of Derrick Norman Green, with Mr Neville Walker of Patent Attorneys IP Consult acting as agent.
- 2 The application was filed under Section 89A (3) of the Patents Act 1977, requesting entry to the UK National Phase for international application PCT/GB2006/001054.
- 3 The period prescribed by Rule 66(1) (b) for entry into the National Phase is 31 months from the earliest declared priority date. The international application, PCT/GB2006/001054, has an international filing date of 22 March 2006 and an earliest priority date of 22 March 2005. The prescribed period for entry to the National Phase therefore expired on 22 October 2007.
- 4 A Form 52 requesting an extension to the prescribed time limit and evidence in the form of a sworn statement were filed with the application. As the applicant had failed to comply with the requirements of Rule 66(1) (b) and the extension of time had not been filed in the time prescribed by Rule 108, the application was treated as withdrawn.
- 5 An official letter was issued on 28 May 2008 in response to the NP1 and Form 52, informing the applicant that reinstatement was the only option available if he wished to proceed.

6 On 19 June 2008, a Form 14 was filed to request reinstatement of the application.

Evidence

7 The evidence filed on 7 May 2008 comprised a Statutory Declaration from the applicant Derrick Norman Green in which he presents the circumstances and sequence of events that led to the request to enter the National Phase not being made within the prescribed period. These are described in more detail below at paragraphs 19-23.

8 The following exhibits were filed in support of Mr Green's statement.

- Exhibit A - the publication notice for international application PCT/GB2006/001054.
- Exhibit B - a copy of a letter, dated 16 November 2006, from the Patent Attorney to Mr Green, advising of publication, attaching a copy of Exhibit A and informing the applicant to provide instructions regarding national phase filing.
- Exhibit C - a copy of a letter, dated 8 August 2007, from the Patent Attorney to Mr Green, advising that documents for entry into the national phase had been prepared and requesting funds to proceed with filing.
- Exhibit D - a copy of a letter dated 10 January 2008, from Mr Simon Underwood of UKW Recovery & Business Services to the creditors of Clayfield Developments Limited, advising of the liquidation of Clayfield Developments Limited, a company established by Mr Green. (See paragraph 2 of Statutory Declaration).
- Exhibit E - a copy of a prescription for medication.

9 On 27 June 2008, the Office issued a letter to the applicant informing him of the preliminary view that the case for reinstatement had not been made and requesting further information and any supporting evidence in regard to the points listed below:

- a) The lack of evidence in respect of applicant's response to the Attorney's request for fees or to show what the applicant's intention was at the relevant time.
- b) If the reason for non-compliance was lack of funds, when did this change

10 On 27 August 2008, Mr Neville Walker of IP Consult responded. Mr Walker confirmed in his letter that he had spoken with the applicant on several occasions between July 2007 and September 2007 regarding the national phase process. Mr Walker states that "despite a clear intention to continue with the UK National Phase, the applicant did not have sufficient funds to do so"

11 The following documents were filed in support of the events and opinions as described in the Attorney's letter:

- Mr Green's bank statements for the period 2 August 2007 to 18 December 2007 which showed a continuous and increasing overdraft.
- A copy of the Attorney's letter of 16 November 2006 to the applicant, Mr Green, from Mr Neville Walker in respect of PCT application GB2006/001054. The letter included a copy of a Notice (form PCT/IB/308) from the International Bureau and also advised the applicant of a 30 month period from the priority date for entry into the National Phase of most states. It also requested instructions from the applicant regarding his intentions to enter the National Phase no later than 22 July 2007.
- A copy of the Attorney's letter of 08 August 2007 to the applicant, Mr Green, from Mr Neville Walker in respect of the preparation of the necessary documentation for entry into the UK National Phase and a request for funds before 17 October 2007.
- A copy of the Attorney's letter of 15 August 2007 to the applicant that confirming the applicant's European Patent Application number and setting a date of 22 September 2007 for the applicant's instructions and funds for entry into the Regional Phase.
- A copy of the Attorney's letter of 31 August 2007 to the applicant regarding European Patent Application number EP06726476.2 which enclosed an invoice for preparing documentation for entering the European Regional Phase and which advised of a deadline of 22 September 2007 for cleared funds.
- A copy of the Attorney's letter of 18 October 2007 to the applicant, from R Mack, Formalities Manager, enclosing a copy of the International Preliminary report on Patentability and advising that entry to National/Regional phase in Europe expired on 22 October 2007.

12 On 3 October 2008, the Office wrote to the applicant explaining that the official view was that the case for reinstatement had not been made and offering the applicant a hearing. The applicant subsequently requested a hearing and the case came before me at a hearing on 20 January 2009.

13 After hearing the submissions of Mr Neville Walker, I allowed him two weeks from the date of the hearing to submit further evidence after consultation with Mr Green. Mr Green had been due to attend the hearing but had been unavoidably delayed on the day. This further evidence was submitted on 3 February 2009. It comprised:

- Six separate demands from different parties to the applicant for payment of various debts totalling in excess of £36,000
- A letter dated 30 January 2009 from Mrs Nancy Crawford (the applicant's mother-in-law) stating that the applicant sought to borrow the sum of £600

from her in August/September 2007, but that she was unable to lend it to him at the time.

The Law

- 14 The provisions for reinstatement are Section 20A and Rule 32. Section 20A(1) states that reinstatement applies –

“where an application for a patent is refused, or is treated as having been refused or withdrawn, as a direct consequence of a failure by the applicant to comply with a requirement of this Act or rules within a period which is-

- (a) set out in this Act or rules, or*
- (b) specified by the Comptroller”*

- 15 The application was treated as withdrawn on 23 October 2007 as a consequence of the applicant's failure to comply with the time period prescribed by Rule 66(1) (b) for requesting entry to the National Phase.

Section 20A(2) states that –

“.....the Comptroller shall reinstate the application if, and only if –

- (a) the applicant requests him to do so;*
- (b) the request complies with the relevant requirements of the rules; and*
- (c) he is satisfied that the failure to comply referred to in subsection (1) above was unintentional”*

Rule 32 states -

“32. (1) A request under section 20A for the reinstatement of an application must be made before the end of the relevant period.

(2) For this purpose the relevant period is—

(a) two months beginning with the date on which the removal of the cause of non compliance occurred; or

(b) if it expires earlier, the period of twelve months beginning with the date on which the application was terminated.

(3) The request must be made on Patents Form 14.

(4) Where the comptroller is required to publish a notice under section 20A(5), it must be published in the journal.

(5) The applicant must file evidence in support of that request.

- 16 The date of the removal of the cause of non compliance – reference Rule 32(1) and (2) (a) - was not addressed in the evidence. However the Office gave the applicant the benefit of doubt in the letter of 3 October 2008 that it would be taken to have been removed on 7th May 2008 when the request to enter the National Phase on Form NP1 was filed. Mr Walker confirmed this to be the case at the hearing. The request for reinstatement was therefore correctly filed within two months of that date.

- 17 The applicant made the request on Patents Form 14 and supplied evidence in support of the request – Rules 32 (3) and (5) refer.

18 The essential issue to be decided therefore is whether the failure to comply with the time period prescribed by rule 66(1)(b) was unintentional.

The Arguments

The applicant's argument

19 The applicant's case for reinstatement is based on the argument that as a result of financial difficulties he was prevented from pursuing entry into the UK National Phase. The applicant contends that he fully intended to enter the National Phase but was prevented from doing so because of his financial circumstances.

20 Mr Green in his statement (paragraph 11) asserts that in November 2006 having filed a PCT application and being aware of the national entry deadlines he "at the time planned to seek protection in the USA, Europe and the UK."

21 He also states (paragraph 12) that in the period August to December 2007 he experienced extreme financial difficulties which were "in respect of Clayfield Developments Limited.....as a result of the then imminent economic slowdown". Clayfield Developments Limited was later subject to liquidation with creditors being notified in January 2008.

22 Mr Green states that during July and August 2007 he had various telephone conversations with his patent attorney regarding funds for entry to the National Phase. He states (paragraph 15) that "I repeatedly explained that I was unable to do this, despite wanting to, due to lack of funds".

23 Mr Green argues that his financial difficulties were not of his own making (paragraph 14) and (paragraph 17) that "it can therefore be seen that, as a direct result of an unrelated matter, I was prevented from pursuing a UK Patent Application".

24 Mr Green advised his Attorney in April 2008 that his financial situation might change during July/August 2008, on the proviso that his UK Patent Application could be revived. Mr Walker states with regard to Mr Green that "his financial predicament is still basically the same as during August-December 2007 and is wholly dependent upon the revival of the above UK application".

25 In his letter dated 27 August 2008, Mr Walker as well as stating "despite a clear intention to continue the with the UK National Phase, the applicant did not have sufficient funds to do so" follows this by stating "During various conversations Mr Green advised Mr Walker that he was attempting to secure investment; and intended to proceed with the UK Application, when his situation changed".

26 At the hearing Mr Walker essentially backed up the evidence supplied and made strong submissions on his clients behalf centring around the serious financial position Mr Green had found himself in at the time by which he had to pay the official fees to enter the UK National Phase i.e. 22 October 2007. The essential thrust was that despite an on-going intention to pursue his patent application, Mr Green was not able to do so because of a total lack of funds.

- 27 Mr Walker in his skeleton arguments prior to the hearing also referred to Mr Green making genuine efforts to pay the fees (associated with entering the UK National phase) “including to borrow money, earn money from other sources and apply for credit, but was hampered as a result of being made bankrupt”. Mr Walker clarified at the hearing that in fact Mr Green had not been declared bankrupt, but his company (Clayfield Developments) had been put into receivership and he was effectively made unemployed. He was not made bankrupt, but was placed in a situation where he had to avoid bankruptcy and take up an independent voluntary arrangement (IVA) in order to try and pay off creditors. As a result of this explanation I asked Mr Walker how Mr Green had sought to borrow money to pay the fees to enter the UK National Phase, as referred to in his skeleton arguments. Mr Walker could not provide information on this without reference to Mr Green. I therefore allowed his extra time to do this (see paragraph 13 above).
- 28 Mr Walker also made some submissions on the wider importance of showing some leniency to his client in the face of the current worldwide financial crisis (something Mr Green referred to in his evidence at paragraph 12, submitting that in hindsight he had realized that his “extreme financial difficulties...were occurring as a result of the imminent economic slow-down”) and that a decision in favour of his client would be a “public spirited move” on the part of the Intellectual Property Office. I shall deal with this point briefly in my analysis below.

The Office’s view

- 29 The Office has taken the view that Mr Green’s argument does not satisfy the provisions of section 20A(2) and the reasons were set out in detail in an official letter dated 3 October. These were effectively:
- following the principles set out in *Anning’s Application* (BL O/374/06) it has drawn on the hearing officer’s consideration in that case that the statutory “unintentional” test of section 20(A)(2)(c) is not the same as the “continuing underlying intention” test developed via *Heatex Group Ltd’s Application* ([1995] RPC 546).
 - that Mr Green’s failure to comply with the requirements was not unintentional because he took the decision not to file the request to enter the UK National Phase in the clear knowledge that he did not have the funds to do so.

The analysis

What needs to be considered?

- 30 The essential determination to be made under Section 20A (2) of the Act is that the Comptroller shall reinstate the application if he is “satisfied that the failure to comply [with s. 89A(3) in this case] ...was unintentional”. It is important that the meaning of this requirement is read and understood in totality.

31 It is tempting to merely look at the word “unintentional” and decide whether the evidence demonstrates that the circumstances surrounding the facts of the case were unintentional or (as has been argued throughout this case) beyond Mr Green’s control. This is not the test. The determination is not to be reached by examining the general surrounding circumstances but rather what the reasons were in specific relation to the *failure to comply* (in this case by not entering the UK National Phase on time) and then whether the failure unintentional.

What does the evidence show?

32 It is clear from the evidence supplied that in the period leading up to when Mr Green could have paid his fee to request entry into the UK National Phase for international application PCT/GB2006/001054 (i.e. 22 October 2007), he was in considerable financial difficulty. The issue clarified at the hearing whether Mr Green was bankrupt or not is essentially moot. The evidence shows that he had considerable debts which he was almost universally unable to meet during this time (August to December 2007).

33 This, he argues, is the reason why he could not pay the statutory fees associated with entering the UK National Phase and as the reason was beyond his control, his failure to comply with the requirements of Section 89A(3) and Rule 66(1)(b) was unintentional.

34 The applicant failed to comply because he could not pay. However, the evidence also unequivocally shows that Mr Green had become aware for some considerable time prior to the final date for entering the UK National Phase that he would be struggling for funds to do so. He was fully aware of the final date concerned (Mr Walker having kept him fully informed of this), but he continued to put off the payment because he just did not have the money and in the hope that something will turn up. In the end, despite an apparent last ditch effort to borrow funds from his mother-in-law, he just ran out of time.

35 Mr Green has stated throughout the evidence that he intended to continue with at least the UK application. There was some evidence and suggestions at the hearing that if Mr Green had decided to enter the UK National Phase early within the 31 month period allowed, he may well have been able to afford to do so. But there was not a need to at that time and although it can be said his underlying intent was always to enter the UK National Phase, the delay essentially proved fatal. As was clarified at the hearing, following *Anning* it is established that a demonstration of underlying intention will not necessarily be followed by a finding that the failure to comply was unintentional (*Anning* paragraph 30).

36 By the time the deadline for payment of 22 October 2007 was upon him, he knew and had known for some time previously that he physically, factually could not pay. Hence he did not pay.

37 What was clearly unintentional or beyond his control were the underlying reasons for his impecunious state. Mr Green clearly did not intend for his company to go into receivership or to find himself (as Mr Walker put it at the hearing) “at the bow

wave of the credit crunch” and in such a sorry financial state. But that is not the issue. The issue is “was his non-compliance unintentional”?

The “public spirited” argument

- 38 See paragraph 28 above. This is not a line of argument that in general would usually carry much weight, as quite clearly they are for other arenas of public policy, but I shall deal with them briefly because they lead me to other considerations more relevant to the facts and issues in this case.
- 39 I recognise and of course sympathise with the plight of Mr Green and others in a similar position to him in the current worldwide economic climate, but Section 20A of the Patents Act 1977 is not the correct remedy for these ills. I must of course restrict my findings to within the relevant provisions of the Patents Act. However, with these submissions in mind, the particular facts of this case cause me to look further into my final determination.

Mr Green’s attempt to borrow money from his mother-in-law

- 40 In the evidence filed after the hearing, Mr Walker exhibits a letter from Mrs Nancy Crawford (the applicant’s mother-in-law) stating that the applicant sought to borrow the sum of £600 from her in August/September 2007, but that she was unable to lend it to him at the time.
- 41 This leads to an interesting further consideration in that it adds another layer to the “intent” argument. It has always been argued in this case that Mr Green intended to enter this patent into the UK National Phase, but that impecuniosity prevented him from doing so.
- 42 However, it was suggested in Mr Walker’s submissions accompanying the evidence of the loan request from his mother-in-law that this was a further indication of Mr Green’s intent and in that case the non-compliance can indeed be seen to have been unintentional. Although the argument was not expanded upon to any great degree, I imagine the argument runs that in spite of his general impecunious state, Mr Green made a special, last ditch attempt to secure funds, which adds an extra level of evidential detail to his intent towards compliance with the requirements of the Act.
- 43 At first sight this looks like an attractive argument, especially in the highly unfortunate circumstances of the patent in suit.
- 44 It seems to me that the argument works in so far as it reinforces the submissions that Mr Green was doing everything in his power to secure funds and indeed for the arguments that he had a genuine underlying intention to pursue the patent.
- 45 The argument shows that Mr Green attempted to add feasibility to his intent by borrowing money from his mother- in-law. It is not clear from the evidence whether the loan request was in fact specifically for the patent itself, but in any event, ultimately his attempts to secure funds failed.

- 46 The effect of this was that Mr Green was still aware that in the end, up against the final deadline of 22 October 2007, he was still unable to pay the statutory fees relating to entering the UK National Phase and as such, his knowledge of this informed his decision not to comply with the requirements of Section 89A(3) and Rule 66(1)(b)..
- 47 Having considered all the arguments, I find that despite his underlying intention to enter the patent application in suit into the UK National Phase and despite his on-going attempts and last ditch attempt to secure finances to do this, Mr Green's final decision not to comply with the deadline set under Section 89A(3) and Rule 66(1)(b) was a *conscious* one based on his knowledge of his impecunious state. As such the failure to comply *cannot* have been *unintentional*

Conclusions

- 48 Whilst I have much sympathy with the surrounding circumstances of this case, in general terms in my view it cannot be satisfactory to say I always intended to do something without leaving oneself in a position to follow through on that underlying intention. One can have all the intent in the world, but the knowledge there is no factual ability to carry this intent through renders the intent meaningless. In impecuniosity cases such as this, I appreciate that in the "real world", especially in today's harsh economic climate, this can often be very difficult if not impossible.
- 49 Whilst in no way attempting to denigrate the dreadfully unfortunate circumstances Mr Green found himself in, the actual amount payable in official fees to enter the patent into the UK National Phase was in fact £30 at the time it was due. That in relative terms does not seem to be an excessive sum of money, but in the circumstances Mr Green was in, I appreciate £30, added to the tens of thousands of pounds he owed elsewhere, was to all intents and purposes it seems, out of his reach.
- 50 With the crystal clear clarity of hindsight, it might also be said that Mr Green's decision to defer entry into the UK National Phase until the last minute was an unfortunate one. It seems that had he chosen to do so earlier when it seems he might have had the funds to do so, this matter would not be before me now. I hope that can perhaps serve as a salutary lesson for the future.
- 51 There is no suggestion in the evidence that Mr Green did not have anything but an underlying intention to pursue his patent at least into the UK National phase. And there is no evidence that he in some way recklessly disregarded the priority or importance of his patent compared to his other considerable debts. He did not wantonly prioritise other payments over the patent, leaving himself unable to pay the statutory fee.

52 I conclude that because Mr Green was fully aware of his inability to comply with the requirements of Section 89A(3) and Rule 66(1)(b) because of his lack of funds, that his decision not to comply was *not unintentional* as required by Section 20A(2) of the Act. I therefore refuse his request to reinstate his application.

Appeal

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

G J Rose'Meyer

Hearing Officer acting for the Comptroller