



30 September 2009

PATENTS ACT 1977

APPLICANT Orkli (UK) Limited

ISSUE Whether patent number
EP(UK)1215473 should be restored
under section 28

HEARING OFFICER Mr. G.J. Rose'Meyer

DECISION

Introduction

1. This decision concerns whether the patent in suit should be restored following a failure to pay the renewal fee.
2. The renewal fee in respect of the seventh year of this patent fell due on 11th December 2007. The renewal fee was not paid by that date or during the six month period allowed under section 25(4) upon payment of the prescribed additional fees. The application for restoration was filed on 8th October 2008, within the thirteen months prescribed under rule 40(1) of the Patents Rules 2007 for applying for restoration.
3. After consideration of the evidence filed in support of the application for restoration, the applicant was informed that it was the preliminary view of the Intellectual Property Office (IPO) that the requirements for restoration as laid down in section 28(3), had not been met. The applicant did not accept this preliminary view and requested a hearing.
4. The case came before me at a hearing on 30th July 2009. Mr. James C. Pedder of the firm Barlin Associates (Barlin) represented the applicant.

Background

5. In December 2000 and January 2001 respectively two patent applications were filed for the same invention – a British (GB) application and a European (EP) application, the latter designating amongst other countries, GB and claiming priority from the British application. In November 2004 it became apparent that

the British application would be accepted, so in order to remove a “double patenting” situation (s.2(3) of the Act) Barlin sent a letter to the European Patent Office (EPO) requesting that the designation of GB be removed from the EP application. This was Barlin’s standard practice in these circumstances and their records were annotated accordingly.

6. As it transpired, these instructions to the EPO were not acted upon (possibly through not having been received at the EPO) and the GB designation remained on the EP application and eventually proceeded to grant on 21st February 2007, unbeknown to Barlin or to Orkli (UK) Limited (the applicant).

7. Barlin, believing their instructions to have been carried out at the EPO, paid no renewal fees on the EP GB designation (EP(UK) 1215473 – i.e. the patent in suit) and instead did so on the granted GB patent GB2370154.

8. It was only on 6th August 2008 via an official letter from the Intellectual Property Office (the Office) giving notification of the ceasing of EP (UK) 1215473 through non-payment of renewal fees that it came to the attention of Barlin that the GB designation on the EP patent had never been removed by the EPO as they had requested. By this time the duplicate GB patent GB2370154 was under consideration for revocation under the terms of s.73 (2) in the Office because it duplicated EP (UK) 1215473. As a result of this Barlin began these restoration proceedings.

The evidence filed

9. Mr Pedder of Barlin filed two Statutory Declarations each containing one exhibit. The first exhibit was the letter to the EPO requesting removal of the GB as a designation on EP1215473 and the second was an email dated 22 August 2007 from the applicant to Barlin.

10. In addition to Mr. Pedder’s evidence, Mr Peter Wiltshire, Managing Director of the applicant filed two Witness Statements.

11. There were also a number of pieces of correspondence between Barlin and the Office attempting to clarify the facts of the case. Mr Pedder’s representations at the hearing also assisted greatly in this clarification.

The Office’s case

12. In the view of the Office, for restoration to be allowed the applicant must show that the failure to pay the renewal fee on the patent in suit was unintentional. In the Office’s view, the evidence shows that it was always the intention of the applicant and their appointed attorney’s (Barlin) to proceed with the duplicate GB patent (GB2370154) and not the patent in suit. Barlin specifically asked the EPO to remove the GB designation from the European application and neither the applicant nor Barlin were aware of its grant by the EPO until after the period when it could have been renewed (i.e. 11th September 2007 to 30th June 2008). The Office contends that therefore at no point was it the intention of the applicant to renew this patent during those relevant dates.

The applicant's case

13. The applicant's case was set out succinctly in skeleton arguments sent to me prior to the hearing and elaborated upon at the hearing. It is in summary:

- The applicant always intended to maintain the invention in the UK and to do so via the patent in suit.
- The decision to proceed with the GB patent as opposed to the EP designating GB was taken by Barlin. This was done to avoid “double patenting” and the EPO was accordingly instructed to remove the GB designation from the EP application.
- This was done without consultation with or the knowledge of the applicant.
- The EPO failed to act on this instruction for undetermined reasons, but the result was that the EP application was granted with the GB designation still in place and became EP (UK) 1215473 i.e. the application in suit, but was not noticed by Barlin until the 6th August 2008 by which time GB2370154 was under consideration for revocation under s.73(2) and it was too late to renew the application in suit.
- Due to Barlin not noticing the grant of the EP (UK)1215473, they continued to pay the renewal fees on the GB2370154 and not on EP (UK)1215473.
- While it can be said that it was never the intention of the applicant's representatives to renew EP (UK) 1215473 within the relevant period, this was based on an assumption that the EPO would carry out their express instructions to remove the GB designation from the EP application. It was no fault of the applicant nor indeed the applicant's representatives that the EPO failed to carry out these instructions. However, it is admitted that the applicant's representatives did fail to notice the grant of the EP (UK) despite possible opportunities to do so..
- It is only the applicant's intention which is relevant in terms of satisfying the terms of section 28(3) of the Act and the evidence shows the applicant intended to renew the application in suit.
- The applicant should not suffer for the mistakes of its representatives or of the EPO

The Law

14. The relevant provision of the law is section 28(3) of the Patents Act 1977.

This states:

If the comptroller is satisfied that the failure of the proprietor of the patent –

(a) to pay the renewal fee within the prescribed period; or

(b) to pay that fee and any prescribed additional fee within the period ending with the sixth month after the month in which the prescribed period ended

was unintentional, the comptroller shall by order restore the patent on payment of any unpaid renewal fee and any prescribed additional fee.

Assessment of the evidence and the arguments

15. The determination I have to make under section 28(3) is to be satisfied that the failure of the proprietor of the patent to pay the renewal fee on time was unintentional.

16. The evidence and arguments in this case crystallize into a number of issues I need to address to see what their effect was on the failure to pay the renewal fee before coming to that determination. The issues are as follows:

Barlin's policy to request removal of the GB designation from the EP application

17. Barlin readily admit that through their policy of requesting the EPO to remove the GB designation from the EP application in order to avoid double patenting, it was never their intention to proceed with the EP(UK) to grant and hence never their intention to renew the application in suit.

18. The Office argues that in effect this is an end to the matter as it is clear from the evidence and is admitted by Barlin that the applicant and its representatives had no intention of renewing the present patent in the time it could have been renewed.

19. However, Barlin argue that their overriding instructions from the applicant were to ensure maximum protection for the invention in the UK. They argue that the applicant is not expert in the patent field and as such relied on their actions to achieve its wishes.

20. Mr Pedder argued that Barlin's intended policy was a sensible one to carry out those instructions and one they regularly follow in similar circumstances. Mr Pedder made it clear in correspondence and at the hearing that in these circumstances it is not their practice to "consult" with the applicant or even to necessarily let the applicant know about this course of action. The policy is followed for good practical reasons in the applicant's best interests.

21. Unfortunately on this occasion the policy failed due to a mistake at the EPO, but this was not the fault of the policy and certainly not the fault of the applicant.

22. I accept that the route Barlin chose to satisfy the wishes of the applicant was a perfectly reasonable one. It is unfortunate that the request to remove the GB designation was not followed through at the EPO because it is clear that had it been, there would have been no need for this restoration action.

Opportunities to discover the erroneous grant of EP (UK)1215473

23. It transpired in evidence and at the hearing that in fact Barlin did have opportunities to identify and potentially rectify the EPO error in time to renew this current patent but failed to do so.

24. Barlin's original letter to the EPO asking for the removal of the GB designation on the EP (dated 18th November 2004 and exhibited as JCP1 to Mr Pedder's first Statutory Declaration) also asked for confirmation to be sent to Barlin when the requested action had been carried out. However it seems this confirmation never came from the EPO and Barlin did nothing to follow it up.

25. Further, at the point when the EPO were about to grant the EP (including the GB designation) the EPO sent two letters to Barlin (dated 3rd November 2006 and 25th January 2007) clearly listing the GB designation in both.

26. Mr Pedder explained at the hearing that although addressed to him personally, those letters would not in the normal course of how his office operates have been seen by him. They were simple formalities letters and as such they would go directly to the formalities department and would have been dealt with by them. Unfortunately no-one in that department noticed or reacted to the GB designation on the EPO letters, possibly, Mr Pedder argued, believing Barlin's own records for that EP which showed that there should be no GB designation because of their earlier instructions to the EPO.

27. There was also a reminder letter sent by the IPO direct to the applicant on 16 January 2008 (well before the date of 30th June 2008 when the patent in suit could still have been renewed, albeit with late fines) which appears never to have arrived at the applicant's address. This notified the applicant that the GB designation existed on the EP and had the client received it, Mr Wiltshire's evidence states that he would have forwarded it immediately to Barlin, where Mr Pedder says this would clearly have alerted them to the problem.

28. A further possible opportunity to spot the situation regarding the grant of the EP (UK)1215473 might have come when the Office sent to Barlin a letter dated 17th June 2008 (just before the patent in suit could still be renewed) on the duplicate patent GB2370154. That letter pointed out the duplicate patenting problem with EP (UK) 1215473 and advised that unless appropriate action was taken, GB2370154 may be revoked under s.73 (2) of the Act. This letter was discussed in correspondence and at the hearing, but Mr Pedder said that Barlin never received it.

29. Whilst there is perhaps little Barlin could have done about the missing official letters and while I accept to a degree Mr Pedder's explanation as to how the EPO letters to his office notifying them of the imminent grant of EP1215473 were overlooked, I think the latter situation at least reveals unfortunate missed opportunities to have discovered and rectified the problem. I accept that none of these situations were in the applicant's control.

Agent's intentions versus applicant's intentions

30. Mr Pedder argued strongly at the hearing that while he had admitted and the evidence was clear on the fact that it was not the intention of his firm to renew the patent in suit, the Office was wrong to say that this was also the intention of the applicant.

31. He said that the crucial point to emerge from the evidence was that it clearly shows it was always the applicant's intention to renew this application and it is this which needs to be shown to satisfy s.28(3) of the Act. Section 28(3) requires that the comptroller be satisfied that "the failure of the proprietor of the patent...was unintentional". The proprietor of the patent is obviously the applicant in these proceedings and the evidence is unequivocal on the intent of the proprietor to renew this patent.

32. The critical piece of evidence Mr Pedder pointed me to was the exhibit JCP2 to his second Statutory Declaration. This was an email sent on the 22nd August 2007 (just prior to the earliest date the renewal fee on this case could have been paid) from Mr Peter Wiltshire, the Managing Director of the applicant, to Barlin.

33. The subject heading of the email read as follows:

Subject: Patent Renewal GB2370154 UK & EP1215473 European

34. The text of the email read:

"Hello Peter if someone kindly submits the invoices we will make payment for these renewals."

35. Mr Pedder argued that the presence of the two patent numbers in the heading, one saying GB2370154 and obviously meaning the GB patent and the other quoting "UK & EP1215473 European" clearly showed at that point in time that it was Mr Wiltshire's understanding that he had two patents and was instructing Barlin to renew *both* the GB patent and the EP patent for the "UK" and the other "European" states he had asked to be designated in the EP. Although this was a misunderstanding on Mr Wiltshire's part (he being a layman and not understanding that double patenting of the same invention was not possible), it showed that at the point just before the patent in suit could have been renewed, it was clearly his intention to do so.

36. Mr Pedder explained that at this juncture (i.e. 22nd August 2007) it was still of course Barlin's understanding that no GB designation existed on EP1215473, hence why Barlin paid no renewal on the GB designation, despite the email from Mr Wiltshire. What this showed he argued was that while it was Barlin's misunderstanding that they did not need to pay the renewal of EP1215473 (UK), it was also verified that Barlin had never consulted with Mr Wiltshire on the dropping of the GB designation because he was clearly still under the impression that (a) he could have both the GB and the EP(UK) patent (b) he had to renew them both and (c) intended to do so.

37. Mr Pedder backed this up by referring me to Mr Wiltshire's second Witness Statement in which he explicitly admits his lack of understanding of the double patenting point and says that his email of 22nd August 2007 intended to cover the payment of renewal fees on both the GB patent and the EP(UK).

38. I accept Mr.Pedder's submissions that the evidence showed that the intentions of the applicant and those of Barlin's were indeed different.

The applicant should not suffer for the mistakes of his representatives (Textron) and submissions on the Sirna Therapeutics case.

39. Mr Pedder submitted that given the intentions of the proprietor and the agents differed with regard to the renewal of the patent in suit, the applicant should not suffer for the fact that the patent had lapsed against his wishes and because of the mistakes (inadvertent though they were) of Barlin and indeed the EPO. To support this argument Mr Pedder addressed me on the *Textron* case [1988] RPC 177. Although this case had been decided under the old "reasonable care" provisions of s.28, Mr Pedder contended the principle still stood under the current provisions.

40. Prior to the hearing I had also referred Mr Pedder to a decision of the Office in the *Sirna Therapeutics Inc* case (O/240/05) and asked him for his submissions on this. This case concerned a request to make a late declaration of priority under section 5(2B) but covered relevant issues including which application the unintentional failure had to be on and whether the failure to comply with the requirements was unintentional or not.

41. Mr Pedder submitted that the cases were not on all fours and sought to distinguish the case from the circumstances in this case on one key issue. He said that the actions of the agents in *Sirna* clearly represented the intentions of the applicant in that case and ultimately the Hearing Officer had found against the applicant in that their failure to file the application in suit in that case was not unintentional. There appeared to have been no evidence in that case suggesting the applicant's intentions were anything other than those of the agent's.

42. However, in the present proceedings it can be seen that while his firm had sought to represent the best interests of the applicant in the course of action they had chosen, the fact was that the evidence proved that the applicant's intention was different to that of the agent.

43. On further reflection I accept Mr Pedder's submissions on *Sirna* and I will comment on his submissions on *Textron* below.

Reasoning

44. As already stated, there is no question in my mind that Barlin's original policy of dealing with the applicant's duplicate applications was a perfectly reasonable one and would have served its intended purpose but for unexplained and unfortunate inaction over the letter to the EPO. However, the evidence and

admissions of Mr Pedder also unequivocally show that it was never the original intention of the applicant's representatives to renew EP (UK) 1215473.

45. The evidence also shows that there appear to have been a number of instances where the erroneous grant of EP (UK) 1215473 might have been discovered and rectified, but were not.

46. The Office's view on that is that given the agent's admission and the fact that the unintentional grant of EP (UK) 1215473 was not discovered and rectified within the relevant period, it is clear that this application in suit was never intended to exist and therefore it cannot be said that the proprietor's failure to renew it was unintentional.

47. From the evidence filed to the point where the Office expressed that view, I think this was a perfectly logical conclusion to reach. The evidence filed had seemed somewhat confusing and ambiguous at some points in the ensuing correspondence between the Office and Barlin.

48. It only became apparent after the stage when a hearing had been requested, i.e. in the skeleton arguments filed by Mr. Pedder and then through his further clarification at the hearing, that the thrust of the applicant's case was based on the distinction between what the applicant intended and the actions of his representatives.

49. In this regard Mr Pedder drew my attention to the *Textron* case to support his arguments.

50. Mr Pedder in fact referred me to one of the earlier judgements in *Textron* i.e. [1988] RPC 177 which ultimately decided not to allow the application for restoration. Nevertheless in this earlier case the Comptroller and the lower courts had found that the proprietor was absolved of the mistakes made by his agent because they were not within his control, but was not absolved of the mistakes of his legal assistant (his servant) because her actions were within the proprietor's control.

51. The House of Lords overturned this finding and remitted the application for restoration to the Office for further consideration in *Textron* [1989] RPC 441. In this judgment it was held that, if the proprietor has taken *reasonable care* in the selection of an agent or servant and in the instructions and arrangements for payment, the failure by the agent or servant to obey those instructions is outside the control of the proprietor and therefore he should not suffer the consequences of this.

52. At the time s.28 required two conditions to be satisfied - (a) that reasonable care had been taken to see that the fees were paid and (b) that the fees were not paid because of circumstances beyond the control of the proprietor. The case turned on whether condition (b) had been met.

53. I am not sure this directly helps Mr Pedder's case, but I can see the point he puts to me.

54. The law has of course changed since then and this case has to be decided on the basis of the new “unintentional” test.

55. The only way to do this must be to examine the evidence filed. Of course evidence to show the intentions of the agent will be relevant e.g. to assist in determining the intentions of the proprietor, or to show where a proprietor has clearly handed over all responsibility for taking decisions on renewals to the agent, but essentially I agree with Mr Pedder that ultimately it is the intentions of the proprietor towards the renewal of the patent in suit, that must be considered.

56. In this case I think the evidence provided by the agent and the applicant clearly fulfils the function to allows me to arrive at a determination.

The Decision

57. It seems to me that the proprietor and his agents were unlucky in that the initial course of action intended by Barlin was not acted upon at the EPO for whatever reason. Had it have been followed, there would have been no need for these proceedings.

58. Given the error at the EPO and those of Barlin in not spotting this mistake, it would seem entirely unjust for the applicant to suffer by the ultimate loss of his patent.

59. However, that outcome is only achievable if the evidence shows that the proprietor’s intention was to pay the renewal fee on this patent. It is quite clear from the evidence that it was not the intention of his agent’s to so do.

60. In my view the evidence in this case is conclusive as to what the intention of the proprietor was throughout the relevant period in which this patent could have been renewed. Whereas the proprietor and his agents were unlucky initially, I think perhaps it is more through luck than judgement that the agent’s decision not to avail Mr Wiltshire of their intended course of action and Mr Wiltshire’s lack of patent knowledge meant that he remained under the impression that he needed to renew the patent in suit. The evidence clearly demonstrates his intention to do so.

61. On the evidence put before me, I am satisfied that the proprietor of this patent’s failure to pay the renewal fee was unintentional. I am therefore satisfied that the requirements of section 28(3) have been met and that restoration should be allowed.

62. An order for restoration will be made if, within two months from the date of this decision, the proprietor files Patents Form 12 and the amount of any unpaid renewal fees. The effect of the order will be as specified in section 28A.

Mr. G.J. Rose'Meyer

Hearing Officer acting for the Comptroller