

PATENTS ACT 1977

IN THE MATTER OF

European Patent (UK) No.0221176

in the name of Chemex Pharmaceuticals Inc.

DECISION

Background

1. The renewal fee in respect of the eleventh year of the patent fell due on 2 May 1996. The fee was not paid by that date or during the six months allowed under section 25(4) of the Patents Act 1977 for paying the fee with prescribed additional fees which expired on 2 November 1996. The patent therefore lapsed on 2 May 1996. The 19-month period allowed under rule 41(1) of the Patents Rules 1995 for filing an application for restoration expired on 2 December 1997. On 26 February 1998 the Patent Office received a letter from Ms Sarah Smith of Walker & Co. in which she requested that the Comptroller exercise his discretion under rule 100 to allow the filing of an application for restoration outside the normal time period. A Patents Form 16/77 together with a sworn declaration supporting the request accompanied the letter. After considering Ms Smith's declaration the Office said it was not prepared to invoke rule 100.

2. A hearing was requested and was held on 4 February 1999. Mr Simon Thorley QC appeared as counsel for the proprietor Chemex Pharmaceuticals Inc. Also present were Ms Vicki Salmon of Eversheds, Ms Sarah Smith of Marks & Clerk, and Mr Robert Walker of Computer Patent Annuities (CPA). Mr Ian Sim also attended on behalf of the Patent Office.

The Facts

3. It would be helpful to summarise the circumstances, as set out in Ms Smith's declaration, which led to the failure to pay the renewal fee and file an application for restoration in time and which were amplified by Mr Thorley at the hearing.

4. The system established by Chemex for ensuring that a renewal fee was paid in time involved CPA sending up to four renewal reminders to Kenyon & Kenyon, Chemex's US patent agents. If the patent was to be renewed, Kenyon & Kenyon would issue instructions to CPA to pay the renewal fee which it was Kenyon & Kenyon's practice to do by returning the reminders to CPA duly annotated to indicate whether or not the fee should be paid.

5. The filing date of the subject patent was 2 May 1986 which meant that the renewal fee for the eleventh year fell due on 2 May 1996. CPA sent two reminders to Kenyon & Kenyon before that date on 10 April and 20 April 1996 and two further reminders after the date on 21 May and 22 September 1996. Also, in accordance with rule 39(4), the Patent Office sent a reminder notice to Boulton Wade Tennant, Chemex's UK address for service, on 31 May 1996, which was forwarded to Kenyon & Kenyon. Kenyon & Kenyon did not respond to any of these reminders.

6. The CPA reminders consisted of sheets containing lists of patents against which were printed data for each patent, including the renewal due date. At the hearing Mr Thorley said that the final reminder that CPA sent on 22 September 1996 comprised five pages. However, Kenyon & Kenyon were unable to find page 2, which contained the reference to the need to pay the renewal fee on the subject patent, and were unable to confirm whether it was received and if it was, what happened to it.

7. On 7 November 1996, Kenyon & Kenyon sent a facsimile message to CPA stating that, on double checking instructions they issued in reply to a separate reminder that CPA sent them on 21 October 1996 in respect to the renewal fees due on the corresponding patents in other European designated states, they noticed that the UK patent had not been included. The reason it had not been included in that reminder was that in those other states the eleventh year renewal fee fell due on 31 May 1996. It would appear from the evidence that the intention of Kenyon & Kenyon was to pay the renewal fee with additional fees in the six-month period specified in section 25(4). However, on being told that the six months had expired without the fee being paid and that the patent had lapsed, they issued instructions to CPA on 15 November 1996 to file an application to restore the patent. On 1 December 1996 the Patent Office issued a standard ceasing notice in accordance with rule 42 which, in drawing the proprietor's attention to the

provisions of section 28 and rule 41(1), stated that an application for restoration had to be filed within 19 months from the date the patent ceased to have effect.

8. Following receipt of Kenyon & Kenyon's instruction to file an application for restoration, Ms Sarah Smith made a record in her "task list" to remind her to submit the restoration application a couple of weeks later though she later extended that date by a few more weeks. Despite this, she did not take any action until Kenyon & Kenyon contacted her in May 1997 enquiring about progress. She then retrieved the file but still did not take any action to file the restoration application. However, as she was due to be absent from her office in the latter half of 1997, she entered a final deadline of 2 December 1997 in her task list. Unfortunately she later thought that the 2 December 1997 entry was "another target date to file the application for restoration" and believed she had until the middle of December 1997 to file the application for restoration. It was not until she received another enquiry from Kenyon & Kenyon on 4 December 1997 that she realised that the 19 months prescribed in rule 41(1) for filing the application for restoration had expired.

Relevant Legislation

9. Those then are the circumstances that led to the failure to file the eleventh year renewal fee with additional fees in time and to subsequently file an application for restoration in time. Before turning to the proprietor's case for seeking the Comptroller's discretion under rule 100, it would be helpful to look at the relevant provisions in the Patents Rules 1995 and the Patents Act 1977.

Paying renewal fees

10. Section 25(3) provides: "A patent shall cease to have effect at the end of the period prescribed for the payment of any renewal fee if it is not paid within that period." The period is prescribed in rule 39(1) in respect to a patent granted by the UK Patent Office and in rule 39(2) in respect to a European patent (UK) as in the case of the subject patent.

11. Rule 39(2) reads as follows:

"If it is desired, at the expiration of the fourth or any succeeding year from the date of filing an application for a European patent (UK), as determined in accordance with Article 80 of the European Patent Convention, and provided that mention of the grant of the patent is, or has been, published in the European Patent Bulletin, to keep the patent in force, Patents Form 12/77, accompanied by the prescribed renewal fee, shall be filed in the three months ending with the fourth or, as the case may be, succeeding anniversary of the date of filing as so determined.

"Provided that, where any renewal fee is due on, or within the period of three months after, the date of publication in the European Patent Bulletin of the mention of grant of the patent, that renewal fee may be paid within those three months."

12. Section 25(4) includes the following wording:

"If during the period of six months immediately following the end of the prescribed period the renewal fee and any prescribed additional fee are paid, the patent shall be treated for the purposes of this Act as if it had never expired, . . ."

Applying for restoration

13. Section 28(1) provides that ". . . an application for restoration of the patent may be made to the comptroller within the prescribed period". The period is prescribed in rule 41(1) which states:

"An application under section 28 for the restoration of a patent -

(a) may be made at any time within the period of nineteen months beginning on the day on which it ceased to have effect; and

(b) shall be made on Patents Form 16/77 supported by evidence of the statements made in it;

and the comptroller shall publish in the Journal notice of the making of the application."

14. The Comptroller is empowered to extend periods specified in the Act and prescribed in the Rules for doing certain acts by exercising discretion under rule 100 which reads as follows:

"(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**(b)** 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."

15. It follows that the period allowed for paying a renewal fee with additional fees is six months from the anniversary of the fourth or, as the case may be, succeeding anniversary of the date of filing while the period allowed for filing an application for restoration of a patent is 19 months from the date the patent ceased to have effect, ie the fourth or succeeding anniversary of

the filing date. That means that, in the case of the subject patent, because the tenth anniversary of the filing date was 2 May 1996, the period for paying the eleventh year renewal fee with additional fees expired six months later, ie on 2 November 1996 while the period for filing an application for restoration expired 19 months later, ie on 2 December 1997.

16. The Comptroller can exercise discretion in accordance with paragraph (2) of rule 100, sometimes referred to as the “proviso” in the rule, to extend the six-month period for paying the renewal fee with additional fees or to extend the 19-month period for filing an application for restoration provided the three limbs of that paragraph are satisfied. The critical limb is subparagraph (b) which requires the Comptroller to be satisfied that the failure to comply with the time period was "attributable wholly or in part to an error, default or omission on the part of the Patent Office".

Proprietor's Case

17. In her declaration Ms Smith refers to section 130(7) of the Patents Act 1977 which reads:

“(7) Where by a resolution made on the signature of the Community Patent Convention the governments of the member states of the European Economic Community resolved to adjust their laws relating to patents so as (among other things) to bring those laws into conformity with the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Cooperation Treaty, it is hereby declared that the following provisions of this Act, that is to say, sections 1(1) to (4), 2 to 6, 14(3), (5) and (6), 37(5), 54, 60, 69, 72(1) and (2), 74(4), 82, 83, 100 and 125, are so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Cooperation Treaty have in the territories of which those Conventions apply.”

18. In referring to this section, Ms Smith says that a general requirement exists for the United Kingdom to frame its laws to have, as nearly as practicable, the same effect as the European and

PCT laws. She says that the subject patent would have ceased on 31 May 1996 if the due date prescribed in rule 39 for paying a renewal fee had been brought into line with the period prescribed in rule 37(1) of the European Patent Convention (EPC) which reads:

"(1) Renewal fees for the European patent application in respect of the coming year shall be due on the last day of the month containing the anniversary of the date of filing of the European patent application. Renewal fees may not be validly paid more than one year before they fall due."

19. This in turn would have meant that the six-month period for paying the renewal fee with additional fees would have expired on 30 November 1996 while the 19-month period for filing an application for restoration would have expired on 31 December 1997. At the hearing, Mr Thorley argued that if the six-month period had expired on 30 November 1996 the details about the need to pay the renewal fee with additional fees would have been included with the reminder that CPA sent to Kenyon & Kenyon on 21 October 1996 which Kenyon & Kenyon did receive and acted upon. In her declaration, Ms Smith says that if the period for filing a restoration application had expired on 31 December 1997 it would have allowed enough time to file the application after she realised on 4 December 1997 that she had not filed the application.

20. Ms Smith asserts that the Patent Office has made an error in not requiring the Secretary of State to amend the Patents Rules 1995 so that the provisions for paying of renewal fees are in line with EPC and contends that this "error" contributed to the lapse of the patent and to the failure to file an application for restoration in time. She therefore claims that the Comptroller should exercise discretion under rule 100 in the proprietor's favour.

21. At the hearing, Mr Thorley built on this argument by saying that the EPC was designed to ensure a measure of harmonisation and that the Patents Act 1977 was enacted to assist in that harmonisation. Therefore, he said the overriding purpose of the enactments and the conduct of the Patent Offices throughout Europe had been to try and get as unified, as harmonised a system as possible. Consequently, he argued that there was an obligation on the Patent Office to be proactive and not merely reactive with regard to rule changes and in particular to remove

anomalies between the Patents Rules 1995 and the EPC. He then went on to assert that the Patent Office's omission to be proactive in taking steps to remove the anomaly between rule 39 of the Patents Rules 1995 and rule 37 of the EPC was in part a cause of the failure to pay the renewal fee in time and to file an application for restoration in time. If, on the other hand, the Office had been proactive in trying to get the rule changed but had failed then he said his argument falls away.

Assessment

22. Ms Smith and Mr Thorley have endeavoured to persuade me that discretion should be exercised under rule 100 to extend the 19-month period prescribed in rule 41(1) for filing an application for restoration. However, I believe I should also consider whether there is a case for exercising discretion under rule 100 to extend the six-month period specified in section 25(4) of the Patents Act 1977 for paying the renewal fees with additional fees, bearing in mind that it appears that Kenyon & Kenyon intended paying during that period, because if there is a case for extending that six-month period it would be unnecessary to consider whether to extend the period prescribed for filing an application for restoration.

23. In considering whether discretion should be exercised I shall address the following questions:

- (A) Was the failure to pay the renewal fee with additional fees "an irregularity in procedure . . . before the Patent Office" within the meaning of the proviso to rule 100?
- (B) Was the Patent Office guilty of an "omission" in failing to do something that it was under some sort of obligation to do?
- (C) If the answers to questions (A) and (B) are Yes, was the omission, although not necessarily the sole cause, at least a partial cause of the irregularity, in the sense that it actively brought about: (i) the failure to pay the renewal fee with additional fees in time; or (ii) the failure to file the application for restoration in time?

- (D) If the answers to questions (A), (B) and either (C)(i) or (ii) are Yes, should discretion be exercised under rule 100 either to extend the six-month period specified in section 25(4) to allow the proprietor to pay the renewal fee with additional fees, or to extend the 19-month period prescribed in rule 41(1) for filing an application for restoration?

As to question (A) above

24. In answering this question it is helpful to refer to the following comment made by Slade LJ when determining a similar question in Mills' Application [1985] RPC 339 at page 357, line 30:

“ . . . I think there can be little doubt that, when its [rule 100] opening limb and the proviso are read together, by necessary implication they treat a failure on the part of an applicant for a patent to comply with a period of time specified in the Act or prescribed in the Rules as being capable of constituting “an irregularity in proceedings in or before the Patent Office”, which is in turn capable of being rectified by the Comptroller under rule 100, provided that the “irregularity is attributable wholly or in part to an error, default or omission on the part of the Patent Office”.

25. In light of this comment, there is little doubt that a failure to comply with the period of six months specified in section 25(4) and the period of 19 months prescribed in rule 41(1) were irregularities in proceedings in or before the Office within the meaning of rule 100. Whether those irregularities were attributable wholly or in part to an omission on the part of the Patent Office will be determined by the answers to questions (B) and (C).

As to question (B) above

26. I should say at the outset that while the Patent Office can recommend that the Secretary of State makes changes to the Patents Rules 1995, it is not, of course, in a position to "require" the Secretary of State to make changes as Ms Smith suggests in her declaration. This said, in considering question (B), I first need to establish whether or not there was in fact any obligation

on the Office to take action to recommend bringing rule 39 of the Patents Rules 1995 into line with rule 37(1) of the EPC.

27. The resolution referred to in section 130(7) appears in the Annex to the Community Patent Convention (CPC), which was signed on 15 December 1975. The resolution reads as follows:

“RESOLUTION
ON THE ADJUSTMENT OF NATIONAL PATENT LAW

THE GOVERNMENTS OF THE MEMBER STATES OF THE EUROPEAN
ECONOMIC COMMUNITY,

Upon signature of the Community Patent Convention,

Noting with satisfaction that the entry into force of the Convention will result in a desirable unification of patent law throughout the territories of the Contracting State,

Recognising nevertheless that the differences between the laws in the Contracting States relating to national patents and the provisions of the Convention could entail a duality of standards in patent law in those States,

HAVE DECIDED to commence the work, as soon as the Convention has been signed, to adjust their laws relating to national patents as soon as possible so as to permit ratification of the Strasburg Convention on the unification of certain points of substantive law on patents for invention, and so as to bring their laws into conformity, as far as practicable, with corresponding provisions of the European Patent Convention, Community Patent Convention and the Patent Cooperation Treaty.”

28. The resolution was an expression of intention among member states to bring their laws into conformity with the EPC, CPC and PCT. Since the signing of the resolution the UK has discharged in part its commitment to bring its laws into line with the conventions by introducing

the Patents Act 1977, the preamble to which reads as follows:

"An Act to establish a new law of patents applicable to future patents and applications for patents; to amend the law of patents applicable to existing patents and applications for patents; to give effect to certain international conventions on patents; and for connected purposes."

29. The resolution remains on the table as an important policy objective that continues to guide revisions of the UK law. However, while I can accept that the UK has a broad resolve to harmonise those substantive provisions that appear in primary legislation, I am not persuaded that this extends to harmonising the details of implementation that appear in secondary legislation, ie the Patents Rules 1995. Therefore, I do not believe that the Patent Office could be said to have been under an obligation to be proactive in bringing those rules into line with the Implementing Regulations to the EPC. It follows that I do not accept that the Patent Office has made an omission in not being proactive in bringing rule 39 into line with rule 37(1) of the EPC as it was not under an obligation to do it in the first place. The answer to question (B) should therefore be No. If it should ultimately be decided to be not so and that the answer should be Yes, I need to address question (C).

As to question C above

30. Should it be established that the Patent Office made an omission in not taking steps to bring rule 39 into line with rule 37(1) of the EPC, I need to decide whether or not that omission would constitute an omission for the purposes of rule 100(2). At the hearing, Mr Thorley maintained that the reference to an "omission" in rule 100(2) should be broad enough to include such an omission. In considering this, it would be helpful to bear in mind the following remarks expressed by Slade LJ in *Mills' Application* at page 359, line 13 when commenting on the word "omission" as used in rule 100(2):

"The phrase "omission" must, in my opinion, at very least be wide enough to include the failure to perform a duty which the Office is obliged to perform at common law, whether

under the law of contract or tort, even though such duty is imposed neither by the statute nor the Rules. On ordinary principles of construction, I could see no possible grounds for excluding the failure to perform a duty of this nature from the ambit of the word “omission”.”

And at page 360, line 16:

“In my judgement this failure by the Office to perform a specific promise made to the appellant's agent in accordance with well-established and generally well-known practice amounted to an “omission” within the meaning of the proviso to rule 100, whether or not it would have exposed the Office to legal liability under the law of negligence or otherwise.”

31. While I can see that this would extend the term “omission”, as used in Rule 100, to include an omission to perform a well-established and generally well-known practice, such as the issue of a warning letter indicating that some action on the part of the proprietor or his agent is required, I am not persuaded that this principle is intended to extend to any obligation the Comptroller may be considered to be under and in particular an obligation to bring the Patents Rules 1995 into line with corresponding rules in the EPC.

32. Again, if I were to be proved wrong in that regard I need to decide if the irregularity in not paying the renewal fee with additional fees or not filing an application for restoration in time might be attributable wholly or in part to that omission. In considering this question, it is helpful to note the observations made by Oliver LJ in M’s Application [1985] RPC 249 at page 272, line 26, which Slade LJ referred to in Mill’s Application:

“It is always dangerous to paraphrase statutory wording but it seems to me that the word “attributable” involves the concept that what has to be demonstrated is that the error, default or omission upon which reliance is placed, does play an active causative role in the irregularity which has taken place. It clearly does not have to be the sole cause, but it has I think, to be something more than a mere *causa sine qua non* so that it can be said to be

a partial cause of the irregularity in the sense of having actively brought it about.”

33. Whether or not the Office was at fault in not taking steps to change rule 39, which, as I have already said I do not believe to be the case, the fact remains that the period in which the proprietor had to pay the renewal fee with additional fees is that prescribed in section 25(4) which, taken together with rule 39, in the case of the subject patent expired on 2 November 1996 and not 30 November 1996 while the period for filing a request for restoration expired on 2 December 1997 and not 31 December 1997. To say that the reason the proprietor failed to pay the renewal fee with additional fees and failed to apply for restoration within the time periods prescribed for performing those actions was in part because the Office omitted to take steps to change those time periods is in my view a wholly irrational and circular argument. Though it might not be a particularly good comparison, it would be like a motorist arguing that he should not be prosecuted for breaking the speed limit in the UK because if the UK had applied the same speed limit as in another EU country, where it was higher, he would not have been prosecuted.

34. It is also worth noting the following comments made by Oliver LJ in M’s Application at 270, line 47:

“I am prepared to assume, but certainly without deciding, that it is possible to bring within the description of an “error or default or omission” a neglect of some well-established and generally well-known practice on which it is known or may be assumed that all those dealing with the Patent Office can be said to rely - even though it may not be backed up by any statutory or regulatory backing”.

35. In my view, it would be unreasonable to say that a proprietor could “rely” on the Office to change, or effectively change, a time period in order for that proprietor to comply with that time period. I cannot accept that the wording of the rule necessitates or justifies an interpretation as broad as is suggested by Mr Thorley. Indeed, I think it hardly likely to have been the intention of the legislature in making rule 100(2) that an omission that contributed to a failure to meet a prescribed time period should be interpreted as including an omission to effectively change the time period itself.

36. If rule 39 is considered to be wrong and should be changed then it is open to the proprietor to make appropriate representations to the Secretary of State to have it changed. This is consistent with the view expressed by Lord Diplock in E's Application [1983] RPC 231 at page 235, line 35: "If there are cases in which the application of Patent Rules leads to injustice, the cure is for the Secretary of State to amend the Rules."

37. It is also worth noting the observation made by Counsel in E's Application which was supported by Oliver LJ in M's Application at page 272, line 2:

"... the proviso to rule 100 is not designed to relieve the applicant, or his agent, of the obligation to meet the critical time limits. It is only where the applicant, or the agent, has complied, or attempted to comply, with his obligation, and the failure to meet the time limit can be said, in some substantial way, to be the fault of the Patent Office, that the proviso comes in at all."

38. In the present case, the reason the renewal fee and additional fees were not paid is because the reminder that CPA sent to Kenyon & Kenyon on 22 September 1996 either was not received by Kenyon & Kenyon or was received but was mislaid. I appreciate that if the period for paying the renewal fee with additional fees had expired on the same date as in other EU states CPA would not have sent a separate reminder for the UK renewal and would no doubt have included it with the reminder they sent on 21 October 1996. However, I do not believe it could be said that the fact that it was a different date caused page 2 of CPA's reminder of 22 September 1996 not to reach Kenyon & Kenyon or to be mislaid if it did reach the firm.

39. The reason an application for restoration was not filed in time was that, after putting off the filing of a restoration application on several occasions, Ms Smith misunderstood the entry she had made in her "task list". It was not because she believed that she had until the end of December 1997 to file the application for restoration.

40. I am not therefore persuaded that an "omission", if it could be called an omission, to change rule 39 to bring it into line with rule 37(1) of the EPC could be said to have contributed,

or played an active causative role in the failure to pay the renewal fee and additional fees in time or to file an application for restoration in time. The answer to question (C) must therefore be No.

As to question (D) above

41. From what I have said in answer to questions (A), (B) and (C) the answer to question (D) must also be No.

42. It follows that, for the reasons I have given, I am not convinced that there is a case for exercising discretion under rule 100(2) to extend either the period for filing the renewal fee with additional fees or the period for filing an application for restoration.

43. This is a procedural matter and any appeal must be lodged within 14 days from the date of this decision.

Dated this 8th day of March 1999

M C WRIGHT

Senior Legal Adviser, acting for the Comptroller

THE PATENT OFFICE