



29 November 2010

## **PATENTS ACT 1977**

APPLICANT                      Mario Joseph Charalambous

ISSUE                              Whether third party terms should be  
   imposed on patent number  
   GB 2310274 in relation to a  
   reinstatement under rule 107

HEARING OFFICER              B Micklewright

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## **DECISION**

### **Introduction**

- 1 Patent application number GB 9602987.1, was filed on 14 February 1996 in the name of Mario Joseph Charalambous and did not make a claim to priority. It was subsequently granted and the B specification was published on 30 August 2000 as GB 2310274. The 14th year renewal fee, due on 14 February 2009, was not paid and the patent was subsequently advertised as having ceased. It however emerged that a notification of a change of address for service, dated 9 January 2009, had been incorrectly processed by the Office and this change was not at the time properly recorded. Because of this error the renewal reminder letter was sent to the wrong address. The Office indicated that it was prepared to exercise discretion under rule 107 to reinstate the application. The Office however took the view that it was necessary to impose conditions to protect the interests of third parties ("third party terms") who may have proceeded on the basis of the announcement that the patent had ceased for the period between 28 October 2009 (the date the patent was announced as ceased in the Patents Journal) and 25 November 2009 (the date on which it was announced in the Patents Journal that reinstatement of the patent under rule 107 was being considered). Despite considerable correspondence the applicant has not accepted these conditions and the matter was therefore referred to me for a decision on the papers as to whether the comptroller should impose third party terms in this case.

## **The law**

2 Rule 107 of the Patents Rules 2007 states:

*107.-(1) Subject to paragraph (3), the comptroller may, if he thinks fit, authorise 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 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.*

3 The comptroller thus has discretion on whether to allow a rectification of an irregularity of procedure under this rule, and to impose conditions when exercising this discretion favourably.

### **Patentee's arguments**

4 The patentee essentially argued that imposing conditions such as those proposed by the Office on the patent was unfair. He asked for details of any third parties who may be affected by these matters. The Office explained that they would not be informed if anyone had started to work the invention during the period in question and therefore were unable to provide details of any third parties who may fall into this category. The patentee argued that if the Office had no details of any third party actually affected by these conditions then the conditions were unnecessary.

## Office's arguments

- 5 The Office emphasised that in reinstating the patent they had to ensure they were fair to all potentially affected parties. Third parties, as well as the patentee, may have been affected by the patent wrongly ceasing, which had occurred in part due to a procedural mistake in the Office, although the Office could not know for sure if any were affected. It was therefore important to ensure that any third party who may have innocently begun to work this patent thinking they were free to do so was protected from prosecution. The Office emphasised that they had no evidence that any third party had actually begun to work the patent.

## Assessment

- 6 The question of whether to impose third party terms when a patent or patent application is reinstated following a patent or application being advertised as refused or ceased due to an Office error, omission or irregularity has arisen in previous cases. In *Coal Industry (Patents) Ltd's Application* [1986] RPC 57 the issue related to a failure by the Office to issue an examination report under section 18(3) which resulted in the patent application being advertised as refused in the Patents Journal. In rectifying the error, the Office sought to impose third party terms but the applicant disagreed and appealed. In his judgment Falconer J (as he then was) said:

*"The matter, however, cannot rest there. As a consequence of the announcement of the refusal of the application any member of the public would have been free to take advantage of the disclosure and to exploit the invention. Resuscitation would be a serious blow to such a person and I must have regard to his interest. Rule 100 allows that the rectifying of the irregularity be subject to such terms as the Comptroller may direct. It seems reasonable to me that protection for third parties should be along the same lines as is provided in restoration proceedings under section 28. As far as renewal fees are concerned, the situation is unaffected by these events and payment must be made in accordance with rule 39 as though no lapse had occurred."*

- 7 The question also arose in *Eveready Battery Co. Inc.'s Patent* [2000] RPC 852, which related to the payment of renewal fees, but in that case Pumfrey J found that despite an Office error which resulted in an entry being placed on the register that the patent had ceased, the patent in fact never ceased and thus there could be no question of the comptroller reinstating the patent. Since there was thus no power for the comptroller to exercise under rule 100 (the predecessor to rule 107 in the Patents Rule 1995) the comptroller had no power to impose conditions on the patentee in relation to third parties.

- 8 Although the present case also relates to a failure in relation to paying renewal fees, the circumstances are different from those in *Eveready*. In *Eveready* the applicant had in fact paid the renewal fee in time but the Office omitted to record the payment. As the fee had been paid within the prescribed period, the patent never ceased. In the present case however the fee was not paid within the prescribed period. The patent therefore did cease, does need to be reinstated, and thus the question of third party terms needs consideration.
- 9 These third party terms exist in several places in the Act, for example in the context of reinstatements under sections 20A and 20B and restorations under section 28 and 28A, and in the context of EP(UK) patents in sections 77 and 78. It also appears in the context of corrections of errors in patents or patent applications and of translations of EP patents, and in relation to the transfer of patent applications in the context of entitlement disputes. There is a clear intention by the legislator to protect third parties who act in good faith whenever a change to the status of a patent or patent application is made which could impact on their freedom to work their invention.
- 10 As Falconer J concluded in *Coal Industry*, the comptroller must therefore also have regard to the interest of such parties when exercising discretion under rule 107. Although the irregularity in procedure is in the present case in part due to an error made by the Office, the principal remains that the reinstatement of the patent should not adversely impact on any third parties who may have acted in good faith once the patent had ceased and before the action under rule 107 was advertised. The third party terms are necessary to provide such third parties with appropriate protection and must therefore be imposed in the present case. It seems reasonable to me that the same conditions as those imposed following a restoration, namely those set out in section 28A of the Act, should be imposed in the present case.

### **Conclusion**

- 11 I therefore conclude that in the present case it is appropriate for the comptroller to exercise his discretion under rule 107 to reinstate the patent in suit only if that reinstatement is made subject to the following conditions:
- (i) If between 28 October 2009 (the date on which the patent was announced as ceased) and 25 November 2009 (the date on which it was announced that reinstatement of the patent under rule 107 was being considered) a person -
    - (a) began in good faith to do an act which would have constituted an infringement of the patent if it had not been treated as ceased, 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 re-instatement of the patent; but this does not extend to granting a license 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 its dissolution), to any person who acquires that part of the business in the course of which the act was done or the preparations were 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.

- 12 I therefore direct that patent number GB 2310274 be reinstated subject to the conditions set out above being imposed on the patent, and subject to the payment by the patentee of the outstanding renewal fees, which I note have not yet been paid. These outstanding fees should be paid within a period of one month from the date of this decision. If they are not paid within this period, or if the patentee indicates within this period that he does not wish to have the patent reinstated subject to the conditions set out above, the patent will not be reinstated but will remain ceased.

### **Appeal**

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

**B MICKLEWRIGHT**

Deputy Director acting for the Comptroller