



PATENTS ACT 1977

APPLICANT AspenBio Pharma, Inc

ISSUE Whether patent number EP2134165 should be restored under section 28 of the Act for the failure to pay a renewal fee.

HEARING OFFICER Mr. G.J. Rose'Meyer

DECISION

Introduction

- 1 This decision concerns whether the patent in suit should be restored under the provisions of section 28 following a failure to pay a renewal fee.
- 2 The fee in respect of the fifth year of the patent was due on 08 February 2012. It was not paid by that date, nor during the subsequent 6 months allowed for late payment by virtue of section 25(4). The patent therefore ceased with effect from 08 February 2012. An application for restoration of the patent was made by AspenBio Pharma, Inc ("the applicants" and "the proprietors") on 03 September 2013, within the time allowed by rule 40 (1) of the Patents Rules 2007 for filing an application for restoration.
- 3 After considering the evidence filed in support of the application for restoration, the Intellectual Property Office (IPO) came to the preliminary view that the requirements for restoration had not been met. As a result, the applicants requested an opportunity to be heard.
- 4 The matter came before me at a hearing held via a video conference on 18 September 2014. The applicants were represented by Mr Hilton Lord, assisted by Ms Sophie Topham, both of Marks & Clerk LLP.

The evidence

- 5 The evidence filed in support of the application for restoration consists of written submissions from Mr Lord dated 02 September 2013, 21 January 2014, 24 April 2014 and 17 September 2014, the last of these being supplemented by two Annexes:

- Annex 1 – the “consulting agreement” between the applicants and a consultant identified only as AP1;
- Annex 2 – a declaration by Mr Jeffrey McGonegal, the Chief Financial Officer of the applicants.

Background

- 6 The European patent was granted with effect from 12 October 2011. The intention of the proprietors of the patent was to validate it in all countries which were deemed to be of commercial interest. The original list of countries included the UK.
- 7 Prior to the due date for validation in relevant countries, in late 2011, an internal determination was made by the proprietors to establish which European countries should proceed to validation. This determination was based on various criteria, including market data and economic factors relating to the technology field of the patent.
- 8 Also in late 2011, the proprietors decided to licence certain aspects of their patent portfolio relating to the veterinary field. This was because the company was shifting emphasis towards human medical products as a core business area and away from veterinary medical products.
- 9 To facilitate this, the proprietors, amongst other undertakings, employed the services of a consultant, identified in the evidence only as “AP1”. This consultant reported directly to the CEO of the proprietors and was effectively the board member responsible for increasing value and revenue opportunities for the animal health business. AP1 was trusted completely with the assessment as to whether UK validation for the patent in suit was required.
- 10 The terms of AP1’s engagement are shown in the evidence at Annex 1 to Mr Lord’s letter of 17 September 2014. Within that document or elsewhere in the evidence, it is not clear when AP1’s association with the proprietor began, but Annex 1 does contain the following extract:
- “Services to consist of providing a broad range of consulting services to the Company generally focused on a role as business head of the Company’s animal products division. Consultant’s initial focus would be to develop a business plan/strategy/focus for presentation to the Company’s Board of Directors at its November 20, 2009 meeting.”
- 11 Annex 1 also shows that as from 01 August 2011 AP1’s consulting services and fees reduced to 50% and then to 33-1/3% as of 01 September 2011, until 01 November 2011 when they ceased.
- 12 As a result of AP’s assessment, the proprietors decided on 20 December 2011 that the UK was not to be included in a final selection of jurisdictions where validation would be pursued, hence the European patent in suit was not validated in the UK and the renewal fees due in February 2012 were not paid.

The applicants' case

- 13 The applicants argue that their failure to pay the renewal fees due on the patent in February 2012 was unintentional because it was as a result of inaccurate information provided to them by AP1 before his departure in November 2011.
- 14 Further, the applicants submit they had no access to other resources or knowledge in the animal health field at the relevant time which would have informed them that the information supplied by AP1 and upon which the decision not to pursue the patent in the UK was based was inaccurate.
- 15 The applicant submits that this matter later came to light after they started a business relationship with a Europe-based leading veterinary medical company. This company was chosen in June 2012 as a licensee in the veterinary field after a time consuming selection process by the proprietors' management team. The licensee informed the proprietors in early 2013 that their earlier assessment in December 2011 not to pursue the patent in the UK did not accurately or adequately assess and recognise the significance of the market opportunities in the UK in this field.
- 16 It was at this juncture that the applicant realised, after an internal evaluation, that the assessment made by AP1 was inaccurate and that they had based their decision not to validate and renew the patent in the UK on erroneous advice and information. If the information provided to them had been accurate, they say they would have validated and renewed the patent in the UK in line with their intention to maintain valuable patents.
- 17 Mr Lord on behalf of the applicants also drew my attention to *Sumitomo Rubber's Patent* (BL O/351/03) which he argued was analogous because the patent in that case was allowed to lapse by its proprietor due to inaccurate information about it. The patent was eventually allowed to be restored for this reason.

The IPO's case

- 18 The IPO argues that for restoration to be allowed, the applicants must show that the failure to pay the renewal fee on time was unintentional. It says the evidence shows that a conscious decision not to pay the renewal fee was made on 20 December 2011. As this decision was made within the nine months period in which the patent could have been renewed (from 8 November 2011 and 31 August 2012), it cannot be said to have been unintentional as required by section 28 (3) of the Act.
- 19 The IPO further argues that the new information provided to the applicants by the licensee was given outside of the relevant period for renewing the patent and as such has no bearing on the decision not to renew the patent in suit, which was consciously made based on the information available to them at the time on 20 December 2012 and therefore within the relevant period.

The Law

- 20 The relevant provision in the law is section 28(3) which states:

Restoration of lapsed patents

28- (3) *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

- 21 The essential determination to be made under Section 28 (3) of the Act is that the Comptroller shall restore the patent if he is ‘satisfied that the failure... [to pay the renewal fee]was unintentional’.
- 22 Mr Lord on behalf of the applicants drew my attention to *Anning’s Application* (BL O/374/06) in which the Hearing Officer interpreted ‘unintentional’ according to its normal English meaning and warned against going against the clear meaning of the statute. I certainly concur with Mr Lord on this point.
- 23 However, it is important that the meaning of this requirement is read and understood in totality. Whilst it is tempting to look at the word ‘unintentional’ and decide whether the evidence demonstrates that the circumstances surrounding the facts of the case were outside the applicant’s control and therefore unintentional. However, that is not the test.
- 24 The determination is not to be reached by examining the general surrounding circumstances but rather what the reasons were specifically in relation to the failure to renew the patent on time and whether that failure was unintentional.
- 25 It is also important to note that on appeal in *Anning’s Application* [2007] EWHC 2770 (Pat), the court was clear that the test is not concerned with looking at the unintentionality of a consequence which follows from the failure to do the required thing, but solely about the failure to do the thing itself.
- 26 In this case the evidence and submissions clearly show that the applicants intended to validate and renew the patent in the UK if it fitted within their stated business parameters to be commercially valuable to them. In order to determine whether it did or not, they employed the services of a consultant in the veterinary medical field, because at the time, the applicants themselves were moving away from this area of business and did not have sufficient expertise in this field.
- 27 What is very clear from the evidence is that the applicants had entrusted AP1 with assessing the commercial viability of the patent in suit and had without challenge accepted his recommendation that the patent should not be validated and hence not be renewed in the UK. It is unequivocally clear too that that decision was made on 20 December 2011. That period is within the period of nine months allowed by the law in which to pay the renewal fees on this patent.

- 28 However, the applicants also argue that around about the time when he was due to make his recommendations to them, AP1's contract agreement with them was beginning to run down (as witnessed in Annex 1 of Mr Lord's letter dated 17 September 2014).
- 29 At the hearing Mr Lord ran an argument that although AP1 had been entrusted with advising the applicants about the viability of this patent in the UK, there was some suspicion at the time within the company that as his contract ran down, AP1 may not have been devoting as much attention to this aspect of the business as he might have been expected to. Indeed in Annex 2 to Mr Lord's letter of 17 September 2014 Mr McGonegal, Chief Financial Officer of the applicants, states:
- “At the time of the internal determination, AP1 was transitioning away from the Company. I and the Company believe that AP1's level of attention to the area of the Company focussed on animal health products (the area where AP1 had key responsibilities) had become significantly reduced, including for the strategic assessment of which countries the European patent should be validated in. This diminished level of attention and effort for this European patent matter and the complete separation of AP1's involvement with the Company occurred right around the time of the determination of selecting countries for the European patent's national validation, which did not include the UK.”
- 30 The applicants also say in their evidence that they did not have sufficient depth of expertise in the area of animal health product technology, so were therefore even more heavily reliant on the advice received from their consultant AP1. In this regard I note from the evidence in the document submitted marked as Annex 1, the following:
- “During the term of this Agreement Consultant will use [redacted] business skills and judgment to attempt to increase the value and revenue opportunities for the animal health business by identifying opportunities and priorities. Such efforts shall be done in conjunction with other internal and external team members from the Company, including the Company's animal advisory board.”
- 31 It is not clear from the evidence if AP1 ever consulted with internal or external Company colleagues in his field of responsibility, or given the applicants' assertions that they had no expertise or access to expertise in that field, whether he was able to, despite the terms of the agreement quoted above. What is clear is that he made his recommendation to the applicants not to pursue the patent in suit within the UK before his contract finally ceased in November 2011 and the applicants, despite their reservations, accepted that recommendation and on 20 December 2011 made the decision not to continue with the patent in the UK.
- 32 The applicants' main argument is that in early 2013, they were availed of information from a carefully selected licensee in the veterinary medical field that AP1's advice about the patent was wrong. Not only was it wrong at that time, but that it had been wrong at the time in late 2011 when AP1 had made his recommendation to them.
- 33 The applicants argue that that had they been given this information at the time in late 2011 when they had to make the crucial decision on this patent, they would have

validated and renewed it in the UK. They say the fact is that they were provided with erroneous information by a trusted employee on whom they were totally reliant and based on this wrong information, they made the wrong decision.

34 This goes to Mr Lord's arguments regarding *Sumitomo Rubber's Patent* BL O/351/03) being analogous. In my view that case and this are not analogous as Mr Lord suggests. The generality of surrounding circumstances can be said to be similar in that in both cases trusted employees made errors and provided erroneous information which led officials within their respective firms to make fatally flawed decisions regarding renewal of a patent. In *Sumitomo* the patent was indeed restored because the hearing officer in that case determined that the proprietor (represented by a senior official of the company) should not be held responsible for the errors which occurred which were out of his control despite his best efforts to put rigorous controls in place. However, the crucial distinguishing factor between the two cases is that *Sumitomo* was decided on the basis of the then legal requirement under section 28 (3) for the proprietor to show that they had taken "reasonable care" to see the renewal fees on a patent were paid in time.

35 Mr Lord argued that the "reasonable care" test was a more stringent test than the present "unintentional" one and as such, the present case should also qualify for restoration. Whilst of course there is a general recognition that the old test did place a higher burden on the proprietor, the persuasiveness of the evidence presented in each case determine whether restoration should be allowed or not within the terms of the relevant law. In *Sumitomo* the hearing officer was clearly persuaded that the circumstances and evidence led him to a determination that *reasonable care* had been demonstrated.

36 However, that is not the determination to be made here. The law as it currently stands requires that the comptroller be satisfied that the failure [to pay the renewal fee] was "unintentional".

37 In my view that requirement has not been fulfilled in the present case.

Reasoning

38 There has never been any dispute by the applicants that they made a conscious decision not to renew the patent in suit, but they argue the fact this was based on erroneous information means they did not make that decision deliberately; indeed that they made it "accidentally" and that that was "unintentional" utilising the common meaning of the word used in the statute.

39 I cannot agree. The applicants show through their evidence that they appointed the consultant AP1 for good business reasons. They relied upon him for his advice on the area of technology covered by the patent in suit, and despite their apparent reservations about his attention to the business leading up to his contract ending and its proximity to the time the crucial decision on this patent had to be made, they accepted his recommendations with any form of challenge. They argue they did not have the necessary skilled resources in the company at the time, although that is somewhat at odds with the contractual stipulation reproduced above at paragraph 30 taken from Annex 1 of the evidence which makes reference to an "...animal advisory board" and consultation with internal and external team members.

- 40 The decision not to pursue the patent in the UK was clearly stated as having been made within the relevant period. Mr Lord argued that it should not matter that the information changing the position on AP1's advice only came light outside the relevant period. He argues that the information of the licensee, whilst provided outside the relevant period, was pertinent within the relevant period and as such, had AP1 done his job properly and provided the same correct advice, would have led to the applicants renewing the patent.
- 41 Unfortunately this is not what the law requires. The law does not allow for the change in circumstances and clarity of vision that the passage of time and hindsight often offers. The law requires that the comptroller must be satisfied the failure to pay the renewal fee within the *prescribed period* was unintentional.
- 42 This means not examining the general surrounding circumstances to the case and coming to the conclusion that they were unintentional – I do not dispute that the applicants did not intend for AP1 to give them the wrong advice and they did not intend make the wrong decision based on that advice - but rather determining what the reasons were specifically in relation to the failure to renew the patent on time and whether that failure was unintentional.
- 43 The reason for the failure to renew the patent was clearly a conscious decision made on a date within the relevant period. Albeit that decision was based on what subsequently turned out to be incorrect advice, but as far as the applicants were concerned at the time, they were prepared to accept that advice unchallenged and made their decision based on it.
- 44 As I have said earlier in this decision, it is also important to remember that the court in *Anning's Application* [2007] EWHC 2770 (Pat), was clear that the test is not concerned with looking at the unintentionality of a consequence which follows from the failure to do the required thing, but solely about the failure to do the thing itself.
- 45 The unintended consequence in this case – i.e. of reaching a fatally wrong decision not to renew the patent in suit - whilst unfortunate, is not the matter I need to determine under the legal test. The failure to do the thing itself (pay the renewal fee on time) in this case was clearly a conscious decision and as such not unintentional as required by the law.

Conclusion

- 46 The applicants were careful to appoint an expert consultant to advise them in the area of technology covered by this patent and most unfortunately they were let down by this expert who it transpired provided them with erroneous advice. However, the expert was all the applicants chose to rely on within the relevant period, despite their stated suspicions about him at the time. Perhaps understandably in the circumstances they took his advice, ignorant to what turned out later to be the reality of the situation.
- 47 After a careful assessment of all the evidence, I conclude that the applicants took a conscious decision within the relevant period not to renew the patent in suit. A conscious decision cannot be said to unintentional.

48 I must therefore conclude that the application for restoration does not comply with the requirement of the law and I refuse the application for restoration.

Appeal

49 Any appeal must be lodged within 28 days.

G.J.Rose'Meyer

**Hearing Officer
Acting for the Comptroller**