

0/113/96

PATENTS ACT 1977

Pat / Linda
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IN THE MATTER OF

Application No 9304616.7

in the name of Luk Lamellan und Kupplungsbau GmbH

DECISION

The application was filed on 5 March 1993 claiming a priority date of 10 March 1992, and was published on 15 September 1993 as GB 2264989A.

A first report under section 18(3) issued on 6 December 1994 raising objection under section 1(1)(a). In their response of 20 June 1995, the applicants stated that they were considering filing a divisional application and requested that " ... the application should not proceed to grant until at least the time for filing a voluntary divisional application under rule 24(1)(a) has expired. "

A second report under section 18(3) issued on 24 July 1995, maintaining the objection under section 1 (1)(a) and requesting " ... a definitive statement .. in writing as to whether or not a divisional application is to be filed. " In their response of 22 November 1995, the applicants stated that they were not yet in a position to make a final decision, and repeated their request that grant should be delayed " ... until expiry of the period provided under Rule 24(1)(a) which we believe will expire on 10 March 1996."

A third section 18(3) report issued on 24 January 1996, objecting to a lack of clarity in certain claims and again requesting " ... a further specific indication .. in writing since applicants are not allowed to abuse the practice of foreshadowing divisionals as a way of postponing grant. " The applicants responded on 20 March 1996, filing amended claims and stating that:

"The applicants have not made reference to possible divisional applications merely in order to attempt to delay grant. It is the applicant's practice in many cases to file divisional applications, and the decision as to whether or not to do so is more easily made when it is known what claim will actually be granted, and when the results of prosecution

in other countries also becomes clearer. We do not believe there is anything incorrect in the applicants seeking to keep their options open for this possibility. "

The amended claims filed with this response met the outstanding objections, and on 8 May 1996 a letter issued notifying the applicants that a patent was granted, the grant being effective for the purposes of sections 1-23 from the date of that letter. The letter also stated that grant was expected to be announced in the Official Journal (Patents) on 12 June 1996.

On 5 June 1996, the applicants requested exercise of the Comptroller's discretion under rule 110(1) to allow the late-filing of a divisional. They noted that their letters of 20 June 1995, 22 November 1995 and 20 March 1996 had contemplated such a filing, and they also pointed out that they were monitoring the progress of a competitor's application at the European Patent Office (EPO) and had " ... only just been able to obtain copies of the amended claims from the EPO. "

In further communications on 5 and 7 June 1996, the applicants were informed that since a patent had been granted on 8 May 1996, filing of a divisional was precluded by Section 15(4). The applicants argued that in their view the grant letter had issued in error, and sought a hearing.

The matter came before me on 18 June 1996. Mr D C Copp appeared as Agent for the applicants; Mr A Burrows attended as the examiner dealing with the application.

It was agreed at the outset that Mr Copp had two hurdles to clear before a divisional could be filed. The first hurdle is that a patent has already been granted on the present application and, in view of the provisions of section 15(4) and rule 24(2)(c), grant would need to be rescinded in order to allow the filing of a divisional; rule 110(1) conferring no discretionary powers which would allow the requirements of section 15(4) to be waived. The second hurdle is that the request to file a divisional application was submitted on 5 June 1996; whereas the latest date for such a filing calculated according to the provisions of rule 24(1) is 10 March 1996.

On the first issue, Mr Copp argued that the grant notification letter issued on 8 May 1996 should be withdrawn under Rule 100 as correction of an irregularity in procedure attributable wholly

or in part to an error, default or omission on the part of the Office and that in consequence grant should be rescinded. He felt that it is incumbent on the Office that the applicant is not disadvantaged by premature grant. The applicants had foreshadowed a divisional in their letters of 20 June 1995, 22 November 1995 and 20 March 1996 and should have been given advance notice of grant. It is common practice for the Office to issue a letter notifying that grant would be delayed for one month in the event that the examiner considered it not to be clear whether the applicant intended to file a divisional application. Between their letter of 20 March 1996 and the grant letter of 8 May 1996, the applicants were contemplating filing a divisional, albeit that they were aware that they would have to seek discretion under rule 110(1). My attention was drawn to *Glatt's Application* [1983] RPC 122 as an instance of where such discretion had been exercised.

Mr Copp also argued that, since grant precluded the filing of divisional applications, acceptance of the application constituted an exercise in discretion adverse to the applicants, who in consequence should have been given an opportunity to be heard under section 101. In support of this, it was also argued that any duty of the Office to protect the public interest is subordinate to its duty to applicants. He drew my attention to *Daido Kogyo KK's Patent* [1984] RPC 97, in which the Court held that the Office had power under rule 100 to extend a particular period and ordered restoration of a patent in circumstances where the public interest was of much greater import than in the present case.

On the second issue, Mr Copp sought the Comptroller's discretion under rule 110(1) to allow filing outside the period specified by rule 24. He argued that the Comptroller is prepared to entertain such requests and in support cited *ITT Industries Inc's Application* [1984] RPC 23, in which, although withdrawal of grant of the parent application under rule 100 was refused, it was held that the applicants' explanation for the late filing of a divisional application would have justified the exercise of discretion under rule 110(1).

The background to the present case was set out by Mr Copp as follows. The business strategy of the applicants has patents at its core. Their Patent Department in Germany closely monitors the work of competitors through a number of routes, including noting products as they appear on the

market and at conventions, and tailors their patent strategy accordingly, often by filing divisional applications. In the last two years they have filed eleven at this Office. A European Application, published in November 1993 in the name of a close competitor and designating the UK, had been noted as relating to similar subject matter to the present application. The claims did not cause particular concern, but in May 1996 the applicants learnt of the loss of a contract to this competitor. They instigated a file review at the European Patent Office and discovered substantial amendments had been made to the claims, which now arguably covered their own invention. The applicants have an earlier priority date, and wished to file a divisional application with claims drafted having regard to the amended claims of the European Application. Mr Copp received copies of new claims on 4 June 1996 and filed a divisional application the following day.

I was referred to two unreported decisions *The Secretary of State for Trade and Industry's Application* [O/188/84] and *Asahi Kasei Kogyo KK's Application* [O/98/89]. In both of these cases discretion to allow late filing of a divisional application was refused on the grounds that significant delay in filing constituted a lack of diligence. These circumstances were contrasted with those of the present case, and it was pointed out that both cases were decided against a more restrictive version of rule 24 than now exists.

On the question of public interest, it was acknowledged that inspection of the file of the present application before 5 June 1996 would not have indicated that a divisional application had been filed, but since grant for infringement purposes did not take effect until 12 June 1996, damage to the public interest would be minimal.

I turn first to the question of exercising discretion under rule 100. I should say at the outset that I find little assistance from either of the quoted references - in *Glatt's Application* discretion under rule 100 was not at issue, and in *Daido Kogyo KK's Patent* rescinding grant was not at issue.

Rule 100 reads:

Correction of irregularities

100. - (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.

It is established practice that for discretion to be exercised under this rule, it has to be demonstrated that the following three conditions are satisfied:

(1) that the Office is guilty of an error, default or omission; the omission being something which it can be said there is some sort of obligation to do (although the obligation need not be of a legally enforceable nature).

(2) that such error, default or omission can be said to have contributed to the failure to meet the time limit

(3) that the error, default or omission plays an active causative role in the irregularity that has taken place.

The submission in the present case is that in failing to give advance notice of grant when the filing of a divisional application was under consideration, the Office is guilty of an omission falling within the terms of the first of the conditions listed above. It seems to me that if this is accepted, then it follows in the circumstances that the second and third conditions are also met.

The question I have to address is what obligation lies upon the Office to notify the applicant in advance of grant. It is clear that the Office is required by neither statute nor the rules to provide such notification. Moreover, although in the circumstances where the applicant has indicated that filing a divisional application is under consideration, there exist established procedures within the Office to inform the applicant that grant will be delayed for one month pending his clarifying the position, the Office gives neither guarantee nor promise that such a procedure will always be followed; and the practice in any particular case will depend on the circumstances.

Looking at the particular circumstances of the present case, I refer again to the correspondence quoted in the opening paragraphs of this decision. The applicants' letters of 20 June 1995 and 22 November 1995 include blanket requests to withhold grant until the period provided by Rule 24 has expired. In response to the examiner's second request in the letter of 24 January 1996 seeking clarification as to their specific intention, the applicants replied on 20 March 1996. It is difficult to view this response as addressing the question of whether a divisional application was being foreshadowed on the present application; on the contrary, it seems to me that this response is directed to the objective of keeping options open for as long as possible in the event that it transpires that filing a divisional application might be worthwhile. When questioned on the point at the hearing, Mr Copp felt that the response gave a reasonable implication that no decision had been made; it is a statement of the applicants' policy, and it was not possible to infer from it that there was no wish to file a divisional application. I note two further points in this context. First, that the letters of 20 June 1995 and 22 November 1995 request, implicitly or explicitly, that grant be delayed until 10 March 1996, which is almost two months before the date

that the grant letter finally did issue on 8 May 1996. Second, that almost a month then passed before a divisional application was filed on 5 June 1996, and this as a result of a file review at the EPO rather than in response to the notification of grant. It seems to me that, although it may have been desirable from the applicants' point of view to have been given advance notice of grant and helpful for the Office to have done so, the Office has no overriding obligation to provide such notification. Moreover, in the particular circumstances outlined above, namely that the Office had complied with the original request not to grant before 10 March 1996 (albeit because there were still outstanding objections) and had specifically sought and failed to secure any clarification as to the applicants' intention with regard to this particular application, there was no error or omission in granting the application without attempting yet again to seek clarification. In conclusion, I find that failing to give the applicant advance notice of grant does not constitute an irregularity in procedure in the terms of rule 100, and grant should not be rescinded.

Turning to the question of whether a hearing should have been offered under section 101 prior to granting the application, I set out sections 18(4) and 101 below:

18.-(4) If the examiner reports that the application, whether as originally filed or as amended in pursuance of section 17 above, this section or section 19 below, complies with those requirements at any time before the end of the prescribed period, the comptroller shall notify the applicant of that fact and, subject to subsection (5) and sections 19 and 22 below and on payment within the prescribed period of any fee prescribed for the grant, grant him a patent

101. Without prejudice to any rule of law, the comptroller shall give any party to a proceeding before him an opportunity of being heard before exercising adversely to that party any discretion vested in the comptroller by this Act or rules

My interpretation of these two sections is that section 18(4) requires the Comptroller to grant a patent when certain specific requirements are met; and does not therefore invest in him any discretion in the terms of section 101. In consequence, I am not persuaded that prior to grant a hearing should have been offered under section 101.

If I were wrong on the question of exercising discretion under rule 100, then it would be necessary to address the second hurdle, the request for the exercise of discretion under rule 110(1) to allow filing outside the period specified by rule 24.

It is established practice that for discretion to be exercised under this rule it is necessary for the applicant to show that the circumstances are exceptional and that he has been properly diligent.

It is clear from Mr Copp's explanation of the applicants' business strategy that it is commonplace for them to file divisional applications, and not unlikely that some will be late. In my view rule 24 sets out to strike a balance between the interests of the applicant and those of third parties, and as noted above, rule 24 has in fact been amended to move the balance in favour of applicants. The rights and interests of the applicant have to be weighed against those of third parties, in particular the public interest in rights being determined with speed and certainty. Although it is to be expected that in exceptional circumstances applicants will have no choice but to exceed the limits imposed by rule 24, to seek as a general policy to keep options open right into the period in which the Comptroller's discretion has to be sought does not, in my view, encourage favourable consideration under rule 110(1).

On the question of diligence, it is clear that all due speed was exercised in filing a divisional application the day after notification was received from Germany of the amendment to the claims of the European application. However the key question which in my view has to be addressed is whether the applicants acted with diligence in their monitoring of the progress of that application at the EPO. It was noted at the hearing that amended claims were filed at the EPO on 3 November 1995 and available for inspection in December 1995, that is to say five months before the divisional application was filed; in time to respond to the request in the Official letter of 24 January 1996 to provide an indication of intent; indeed in time to file before the expiry of the period specified by rule 24(1)(a).

In my view, a divisional application was not clearly foreshadowed, the applicants merely sought to keep their options open in accordance with a general policy on filing divisional applications; and in that sense the circumstances cannot be regarded as exceptional. In addition, I am not persuaded that due diligence was exercised, given that the applicants were aware of the

European application on November 1993 and that the amended claims on that application were open to public inspection from December 1995, five months before the divisional application was filed.

I am not therefore persuaded that discretion should be exercised under rule 110(1).

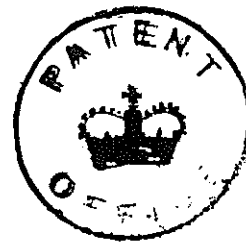
This is a procedural matter and, in accordance with RSC Order 104, rule 19(2)(a), any appeal from this decision must be lodged within 14 days of the date of the decision.

Dated this 17th day of July 1996.



D J BARFORD

Principal Examiner, acting for the Comptroller.



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