

PATENTS ACT 1977

IN THE MATTER OF an application under Section 72 by Toyama Chemical Company Ltd for the revocation of European Patent (UK) No 0153,580 in the name of Abbott Laboratories

INTERIM DECISION

European Patent No 0153,580 was granted on 25 January 1989 designating the United Kingdom as one of a number of states in which it would have effect. It relates to naphthyridine derivatives having antibacterial properties, compositions containing them and their use in preparing drugs for treating bacterial infections in mammalian patients.

On 13 March 1990 Toyama Chemical Company applied under Section 72 of the Act for the revocation of the European Patent (UK) on the grounds that the subject matter thereof does not relate to a patentable invention, that the specification of the patent does not disclose the invention clearly enough and completely enough for it to be performed by a person skilled in the art, and that the matter disclosed therein extends beyond the content of the application as filed. Various references and experimental results were cited in support of the application.

Before the end of the extended period allowed to the patentees for filing a counterstatement, the agents for Toyama wrote to the Office on 23 October 1990 saying that they had been instructed to withdraw the proceedings and requesting that the revocation action be deemed abandoned.

There is no express provision under the statute or in the rules for anybody who institutes a revocation action to withdraw and, in these circumstances, it has long been the practice within the Patent Office to refer the case to an examiner for him to consider whether the Comptroller should pursue the matter in the public interest. This is what happened in the present case and, on 28 January 1991, an official letter issued pursuing the single issue of

lack of novelty against claims 1,2,5,7 and 8 based on one of the references cited originally in support of the application for revocation.

Unfortunately the official letter was sent to the applicants for revocation and only copied to the patentees and this situation had to be put right by the Office before it was reasonable to expect a reply from the patentees. When the patentees did reply, via their agent, it was to dispute the Comptroller's right under Section 72 of the Act to intervene in the public interest, given that the applicants for revocation had withdrawn from the proceedings.

Attempts to resolve the issue by telephone, letter and interview were not successful and so it was that the matter came before me at a Hearing on 15 January 1992. Mr D E P Hayward appeared on behalf of the patentees and Mr D L Wood attended as the examiner on the case on behalf of the Office.

In correspondence and in his submission at the Hearing Mr Hayward chose to deal in somewhat general terms with the position of the Comptroller with regard to proceedings under Section 72, rather than respond in detail to the specific points raised by the examiner, and I think it would be helpful at this juncture if I set out the arguments relied on by the examiner in support of the current practice whereby the Comptroller pursues certain matters in the public interest.

The examiner began by explaining that guidance on practice within the Office is provided in the form of the Manual of Patent Practice (MPP). In the circumstances of the case before me, that is a properly launched application for revocation where the applicants for revocation subsequently have sought to withdraw, the case will be referred to an examiner in accordance with MPP paragraph 72.24 which reads as follows:-

"72.24 Once revocation proceedings before the Comptroller have been properly launched by the filing of Form 38/77 and a supporting statement they can only be terminated by a formal decision by a hearing officer acting for the Comptroller. If the applicant withdraws at any stage the matter is pursued in the public interest

(General Motors (Turney & Barr's Application) [1976] RPC 659. This procedure differs from that in proceedings before the court since the Comptroller has technical staff to investigate the matter."

Mr Hayward put forward the argument, which I readily accept, that simply because a procedure is set out in the MPP, that should not be a reason to find against him since the MPP has no statutory force. The MPP is merely a reference volume, albeit a very useful one, for both examiners and the public, which sets out the Office's understanding of the way in which the law should be applied in the light of the decisions of the courts; the authority for what is said in the MPP will be found either in the Act or Rules or in the precedent cases.

Going back to MPP 72.24, insofar as it bears on the matter in dispute, it says that 'revocations proceedings can only be terminated by a formal decision by a Hearing Officer acting for the Comptroller'. The basis for this is to be found in Rule 88(4) of the Patent Rules 1990 and Mr Hayward accepted that some kind of decision would be required to conclude the proceedings.

The remainder of MPP 72.24 goes on to say that, when the applicant withdraws, the matter is pursued in the public interest and it refers to Turney & Barr's Application which, I think it will become clear, is the main authority upon which the procedure set out in MPP 72.24 is based. Whether the procedure is still applicable is being challenged by the patentees. I would note in passing, because it is relevant to another argument put forward by Mr Hayward, that MPP 72.28 goes on to give guidance to the effect that, normally, only a clear case of prior documentary disclosure or of abundantly clear lack of inventive step should be pursued in the public interest and it is the examiner's view that his initial action in the present case is consistent with that guidance.

The decision in Turney & Barr's Application was given under the 1949 Act by Graham J and Whitford J sitting in banc in the Patents Appeal Tribunal on a case where the hearing officer

acting on behalf of the Comptroller had decided that the Comptroller was entitled further to consider opposition and belated opposition proceedings after the opponent and applicant for revocation had withdrawn. In that particular case, as in the present, it had been argued that the Comptroller, after the notice of withdrawal, no longer has any power to proceed further in the case as if the opposition or application were still in being. Indeed, it had been argued, once an opponent withdraws it is well settled that no other person can stand in his shoes.

However both judges considered that the Comptroller did have a right to act in the public interest and refuted the patentees' argument in the following terms at line 8 on page 668:-

"The Comptroller is not in such circumstances as are here being considered or, indeed, in any other circumstances, standing in the same sort of position in relation to an opposition or belated opposition as an opponent might be. The interest of the Comptroller is to protect the public as well as to decide differences between parties. The statute as a whole, plainly contemplates that it must be appropriate that matters coming to the attention of the Comptroller may be acted upon by him if they affect or may touch the validity of patents or patents that might be granted on applications."

and at page 669:-

"In my judgement, this is taking too narrow a view of the Comptroller's powers and duty to protect members of the public. In my judgement, notice of withdrawal of an opponent or applicant for revocation does not in itself mean that such opposition or application has not to be finally and completely disposed of in the normal way by the Comptroller giving a decision under Rule 45, whether the opponent or applicant for revocation happens to appear or not. This seems to me to be consistent with the practice which has been followed for many years and which we ought not to disturb unless we were fairly satisfied that it was wrong."

The examiner referred to two further authorities, also under the 1949 Act, namely *Norprint Ltd v SPJ Labels Ltd* [1979] FSR 126 and *BOC International Ltd's Application* [1980] RPC 122, in support of his contention that, in certain circumstances, the court as well as the

Office might act to revoke a patent in the public interest. In the Norprint case, which was a decision relating to a counterclaim in an infringement action, Whitford J says in the passage three-quarters of the way down on page 126:-

"In the absence of a counterclaim what would happen to a patent found by the court to be invalid is not a matter which I can finally determine at this stage, though I am bound to say that I think the public interest would demand, irrespective as to whether there was a counterclaim or not, that the court should take into consideration the question as to whether it ought not to issue an order for revocation in any event."

and in BOC International Ltd's application [1980] RPC 122 Graham J at page 132 says obiter:-

"The Comptroller (and those acting for him) are of course guardians of the public interest and I do not intend to say anything in this judgement which would prevent the Comptroller of his own motion taking the point that an invention applied for is quite clearly anticipated by the disclosure in some prior document drawn to his attention or indeed by common general knowledge of which he is aware. He should in such a case of course give the parties an opportunity of making their comments before reaching a final decision."

The essence of Mr Hayward's response on behalf of the patentees was that whilst the Comptroller had acted in the public interest under the 1949 Act when an opponent withdrew in opposition and belated opposition actions, which Mr Hayward regarded as an extension of the grant process, the position has been totally and utterly changed by the 1977 Act.

Referring to the opening sub-paragraph of Section 72 of the 1977 Act which says:-

"Subject to the following provisions of this Act, the court or the Comptroller may on the application of any person by order revoke a patent",

it was Mr Hayward's submission that, for the first time, the Comptroller has been set up beside the court to consider revocation on exactly the same grounds as the court considers revocation, and that if the Comptroller is going to stand beside or in place of the court in these matters, he cannot take upon himself powers and duties that the court never exercises. Mr Hayward took the view that, if the applicant for revocation in the present case had gone to the court rather than to the Comptroller, the court would have had no option but to find in favour of the patentee when the applicant withdrew and then consider only whether there should be an award of costs.

Mr Hayward pointed out that an applicant for revocation nowadays has three avenues open to him, that is he can go to the High Court, to the Patents County Court or to the Comptroller, and it would be anomalous for the treatment to vary according to the route chosen. In the courts, he argued, the issues do not get considered unless the dispute comes to trial whereas, before the Comptroller, the patentee stands to be in a worse position than before the courts because the Comptroller will grind on with the proceedings if the applicant for revocation withdraws; on the contrary, the applicant for revocation stands in a better position before the Comptroller because, once he has made out a case, he can sit back and save expense in the knowledge that the Comptroller will step into his shoes and take up the cudgels on his behalf in the public interest. In Mr Hayward's submission there is no statutory backing for the course of action taken by the Comptroller, nor has any other tribunal assumed such a role.

With regard to the authorities relied upon by the examiner, I think that it is not unfair to summarise Mr Hayward's position as being that they can no longer be relevant in view of the fundamental changes brought about by the 1977 Act. He considered that even under the 1949 Act the Comptroller had taken upon himself powers and duties that had no support whatever in statute and this was reflected in the *Turney and Barr* case where the two judges sat *in banc* to decide what was a difficult point. They came down to saying, he said, that on balance they thought that what the Comptroller was doing was probably alright and they were not minded to disturb a practice that had been going on for so long.

The weakness of the Norprint case, as Mr Hayward saw it, was that the learned Judge was saying nothing more than had the matter gone to trial, he might have felt obliged to consider whether the patent ought not to be revoked, even if there had not been a counterclaim for revocation.

The examiner also drew my attention to the position under the European Patent Convention which, of course, can only be persuasive, and in particular to Rule 60(2) of the Implementing Regulations which, in referring to opposition proceedings before the European Patent Office (EPO), says:-

"(2) In the event of the death or legal incapacity of an opponent, the opposition proceedings may be continued by the European Patent Office of its own motion, even without the participation of the heirs or legal representatives. The same shall apply when the opposition is withdrawn." (my underlining).

The way in which the European examiner should interpret this rule is expressed in Guidelines for Examination in the European Patent Office, a document similar to the Manual of Patent Practice used in the United Kingdom, in the following terms at paragraph D.VII 6.3:-

"6.3 Continuation after the opposition has been withdrawn.

The opposition proceedings can be continued even if the opposition or all of them has been withdrawn. The principles set forth in VII 6.2 apply mutatis mutandis if the proceedings are continued or closed."

Looking at VII 6.2 the relevant principles would seem to be that:-

"The Opposition Division should continue the proceedings if, for instance, it considers that the stage reached in the opposition proceedings is such that they are likely to result in limitation or revocation of the European patent without further assistance from the opponent(s) concerned and without the Opposition Division itself having to undertake extensive investigations. Otherwise the proceedings are closed."

I would observe at this point that the effect of these principles seems unlikely to be very much different from that outlined in MPP 72.28 to which I have referred previously.

Two decisions referred to in the Official Journal of the European Patent Office were brought to my attention at the hearing having previously been brought to the applicant's attention by the examiner in the correspondence. These were Decision T156/84, [1988] OJEP 372 and Decision T197/88, [1989] OJEP 412. In the former reliance was placed on point 3.5 at page 377 where it says that:-

"3.5 Even in inter partes proceedings before the EPO, which is what opposition proceedings are, account must be taken not only of the interests of the parties involved; the EPO also has a duty vis-à-vis the public not to grant or maintain patents which it is convinced are not legally valid.

This is the real reason for the introduction of the principle of examination by the Office of its own motion in Article 114(1) EPC and of the provision of Article 115 EPC enabling third parties to present observations concerning the patentability of the invention in respect of which the application has been filed. The public has to be enabled to rely as far as possible on the legal validity of a patent granted by the EPO. Taking the aforementioned principle to its logical conclusion, the EPO may not disregard any material at its disposal which is of relevance to an appraisal of the legal validity of a patent, which in turn means that in its decision the EPO must consider all the circumstances, irrespective of how and when it became aware of them".

The point relied upon in the latter is at 3.2 on page 413 as follows:

"3.2 After withdrawal of an opposition, the opposition proceedings should be continued if they have reached such a stage that they are likely to result in a limitation or revocation of the European patent without further assistance from the Opponent and without the Opposition Division itself having to undertake extensive

investigations (see Guidelines for examination in the European Patent Office, part D, Chapter VII 6.2 and 6.3). The continuation of the opposition proceedings under these circumstances corresponds to the general duty of the European Patent Office vis-à-vis the public, not to maintain patents which it is convinced are not legally valid at all or with necessary limitations only (see T156/84, Pressure swing adsorption/AIR PRODUCTS, paragraph 3.5, OJEPO 1988, 372)."

Mr Hayward did not comment upon these references in any great detail. He speculated that, if an opponent were to withdraw during the hearing, the EPO would then deliberate as to whether they ought to consider the issues or not but in his experience, he added, if an opponent withdraws at a reasonably early stage, that is the end of it and the EPO does not in practice pursue the matter. Nevertheless, when I put it to him, Mr Hayward did concede that, under Rule 60 of the Implementing Regulations, the EPO does have the power to pursue matters in the public interest following the withdrawal of an opponent.

I have to say at the outset that if I were being asked to decide this case under the 1949 Act then, on the basis of the decision in General Motors Corporation (Turney & Barr's) application, I would have no hesitation but to find in favour of the Office. The circumstances and arguments surrounding the issue in that application are, to my mind, so very similar to those surrounding the present issues that it would have been very difficult for me to come to a different decision to that reached by Graham and Whitford JJ.

However I am conscious of the fact that decisions arrived at under the 1949 Act do not necessarily obtain under the 1977 Act. Not for the first time it was pointed out to me at a hearing that the 1977 Act was intended to be a new Act, this much being apparent from the introduction to the Act itself.

Mr Hayward's position, on behalf of the patentees is that Section 72 of the 1977 Act puts the Comptroller in the same position as the court, he is an alternative forum to the court and, consequently, he has a duty to act in the same way and not to take upon himself duties beyond those exercised by the court. Thus what I have to decide, quite simply comes down to this. Is the action taken by the Office in the public interest in opposition and belated

opposition (revocation) proceedings under Sections 14 and 33 of the 1949 Act appropriate in revocation proceedings under Section 72 of the 1977 Act, or has the position been completely changed as Mr Hayward would have me believe?.

As Mr Hayward pointed out, there is nothing in the 1977 Act which empowers the Comptroller to pursue matters in the public interest but, equally, there is nothing to say that he should not. On the face of it I can see nothing from a comparison of Section 72 of the 1977 Act and Sections 14 and 33 of the 1949 Act which immediately suggests that the previous practice in this respect has been outlawed. But Mr Hayward sought to persuade me that it is implicit in the 1977 Act that, because an applicant for revocation may take the same grounds before either the court or the Comptroller, an alternative which was not available under the 1949 Act, then it follows that an applicant should expect to receive exactly the same treatment in both places.

I have considerable reservations as to whether Mr Hayward's argument can be taken to this conclusion. The courts and the Office are, of course, constituted very differently and, over the years, these differences have been reflected in the statute and, even if not so expressed, have been supported by precedent. The court has wider powers than the Office and its proceedings are more formal than those before the Comptroller. I do not think it follows that an applicant can expect identical treatment in all respects, nor do I believe that it follows that differences in procedure will lead to a different result. The Patents County Court will, of course, have its own procedures but I have never heard it suggested that the outcome of an action in the County Court would be likely to differ from that in the High Court; it is merely the procedures which differ. Furthermore, it must be remembered that the Office performs a rather different role to that of the courts. The Comptroller is concerned from the outset in the granting of patents for inventions and for this purpose has technical staff at his disposal who are competent to consider issues of novelty and inventive step. To ignore these issues would be a failure in his public duty.

In my reading, the authorities to which I have referred are all supportive of the role of the Comptroller as the guardian of the public interest. Furthermore, although the court may not have undertaken the public interest role which, hitherto, has been fulfilled by the

Comptroller, my understanding of Whitford J's comments in the Norprint case is that the court would be very concerned at the prospect of allowing an invalid patent to remain in force and, in certain circumstances, may well be inclined to order the revocation of the patent of its own accord. If the court is indeed prepared to consider such a course of action, it would be wholly consistent with its view of the role of the Comptroller and it suggests to me that, in the ultimate, the outcome before the court and the Comptroller essentially will be the same.

Before leaving the question of the equality of treatment of the parties before the court and the Comptroller, there is another aspect of Mr Hayward's submission with which I feel obliged to deal. He suggested that there has been the long-standing practice that, if one's negotiations with a patentee were going a bit slowly, one would start an action against him in the courts on the basis that of course the action would not proceed when he came to the negotiating table and the matter was settled, a "jolly along" procedure as Mr Hayward put it. According to Mr Hayward the parties would withdraw from the action when it suited them and the court would not consider the matter further apart, perhaps, from the question of costs.

Putting to one side the question of whether the use of the court in such a tactical way is desirable, I am not persuaded that the court would automatically let the matter rest. Whitford J dealt with such a scenario at line 34 on page 668 of the Turney & Barr decision in the following terms:-

"Although we were referred to this case by the appellants, it is perhaps useful to consider a position such as might have arisen - a position rather more closely related to the particular facts with which we are concerned. Assume a case in which in opposition or belated opposition proceedings a document is pleaded as an anticipation, and assume that, upon a reading of this document and a consideration of the claims of the application of the patent in question, there can really be no doubt but that the earlier document deprives the later of novelty, and assume that at this stage, for one reason or another - it matters not whether it was done perfectly innocently or whether there might be some element of collusion - the opponent withdraws. At that stage the

Comptroller is left in the position that he knows, upon the facts as I have stated them, that the patent is invalid, but apparently, it is suggested, he is not able to do anything. What was said on the opponents' side was: This may be a very unfortunate circumstance, but it just results from the law, and the law needs to be changed if a circumstance of this kind is to be dealt with in the way in which the superintending examiner now seeks to deal with it, namely, by saying: "Notwithstanding the withdrawal, the proceedings, as far as I am concerned, are still in being until I have given a decision".

But I, for my part, am quite clearly of the opinion that the superintending examiner is right

Although it is the position of the Comptroller which is being considered in this passage, I find it difficult to believe that the court would turn a blind eye, as it were, if it became aware of such circumstances.

In support of his case Mr Hayward also argued that the EPO does not pursue matters in the public interest in the way in which the Comptroller is doing so in the present case although, as I have said, he did not dispute the fact that they have the powers to do so. Whether the EPO chooses to exercise that right or not is something which need not unduly influence me in coming to my decision but Rule 60 of the Implementing Regulations to Part II of the Convention, the relevant paragraphs from the Guidelines for Examination in the EPO, and the passages from the two EPO decisions to which I have referred earlier lead me to conclude that, insofar as the protection of the public interest is concerned, the position before the EPO is not significantly different from that before the Comptroller.

Indeed, the procedures which have been adopted over the years by the Comptroller in the light of the judgements handed down by the courts are given explicit recognition in Rule 60 of the EPC Implementing Regulations and, to my mind, the position before the EPO does not help Mr Hayward's case at all.

It seems to me that the comments regarding the Comptroller's concern for the public interest which were expressed in the Turney & Barr decision under the 1949 Act are equally valid under the 1977 Act. Whenever, in properly launched proceedings, it is brought to the Comptroller's attention that there is a potential for an invalid patent to be granted (as might happen under Section 21 of the Act) or, if already granted, that the prospect exists of a potentially invalid patent being maintained, he would be failing in his public duty if he took no action to resolve the situation. By pursuing matters in this way the Comptroller is not stepping into the shoes of the opponent or taking up the cudgels on his behalf as Mr Hayward suggested, but raising only those issues where the case based on the papers on file appears to be sufficiently strong to warrant a response from the patentee. Indeed, by giving the patentee the opportunity of making observations or amending his patent by this procedure, the patentee is not being disadvantaged but is being saved the trouble of making a separate application under Section 27 of the Act to amend his patent which, if he were acting in good faith, he would otherwise be obliged to do as soon as he realised that the validity of his patent is threatened.

I have come to the conclusion, therefore, that there is nothing either explicit or implicit in the Patents Act 1977 to suggest that the Comptroller should no longer pursue matters in the public interest, when he considers it to be justified, once an opponent has withdrawn from a properly launched revocation action and the practice outlined in MPP 72.24, supported as it is by the decision in Turney & Barr's application, is still appropriate.

The substance of the examiner's objection against certain of the claims of the granted patent was not, of course, discussed in these proceedings but there was no suggestion on behalf of the patentees that the examiner had gone off on a roving enquiry of his own or gone beyond the limits of the guidance provided in MPP 72.28.

Accordingly I uphold the examiner in the action which he has taken to date on this case and I give the patentees a period of one month from the date of this decision to respond to the objections raised in the official letter of 28 January 1991. Failing that the patent will stand revoked.

This being a matter of procedure, I would remind the patentees that they have a period of 14 days in which to lodge an appeal against this decision.

Dated this 25th day of February 1992





P J HERBERT
Superintending Examiner, acting for the Comptroller