PATENTS ACT 1977 BLO / 31/88

IN THE MATTER OF an application for a patent No 8406992 by Sanyo Electric Co Ltd

DECISION

Application No 8406992 was filed on 16 March 1984 in the name of Sanyo Electric Co Ltd claiming priority from four earlier Japanese applications, the earliest of which was filed in Japan on 16 March 1983. The application proceeded normally through preliminary examination and search, the search report being issued on 23 May 1984, and the application was duly published under Section 16 on 7 November 1984 under the Serial Number 2139408.

The request for substantive examination (Form 10/77) thus became due six months later on 7 May 1985, although this period was extendible under the provisions of Rule 110(3) of the Patents Rules 1982 by one month to 7 June 1985. Both dates passed without Patents Form 10/77 apparently having been filed and the application was treated as having been withdrawn in accordance with Section 18(1) and termination of the application was advertised in the Official Journal (Patents) No 5035 on 29 August 1985.

Nothing further happened until 22 July 1987 when Mr Read of the applicants' agents wrote to the Patent Office asking when they might expect the substantive examination report to issue and this resulted in a telephone call from a formalities officer to the agents to explain that the application had been terminated as no Form 10/77 had been filed.

In a letter dated 14 August 1987, the agents stated that according to their records Patents Form 10/77 and the official fee were filed on 3 April 1985 and accordingly they requested substantive examination. Subsequently, following further letters from the agents, a formalities officer, Mr Egerton, telephoned the agents on 21 September 1987 to advise that a search had been made of

Office records but no evidence (fee sheet, till receipt) had been found to show that the form had been received at the Office. The agent was asked to produce evidence with copies of any records to support their contention that the form had been filed.

On 2 October 1987, the agents filed a statutory declaration by Mr M C Read, a partner in the firm of patent agents, together with 3 Exhibits. An Official letter in reply issued on 6 November 1987 stated that the Office was not satisfied that the agents had discharged the burden of proof on them to establish, on the balance of probabilities, that Patents Form 10/77 and fee had been delivered to the Patent Office. The letter also drew attention to Aoki's application [1987] RPC 133. The applicants then requested a hearing. There followed some further exchanges between the agents and the Office which I will describe below.

The matter came before me at a hearing on 26 January 1988 when the applicants were represented by Mr M C Read of the applicants' patent agents accompanied by Dr A W White, a solicitor also representing the Japanese applicants, and the Patent Office was represented by Mr W G Sceats.

Mr Read's first submission was that the evidence filed shows that, on balance of probabilities, both Patents Form 10/77 and fee were filed in due time. He said that their system for dealing with the form had worked satisfactorily for many years and had never failed in the past. For the details of the system he referred to his statutory declaration filed on 2 October 1987.

In his declaration, Mr Read states that on receipt of the official notice that the application was to be published, issued on 3 August 1984, the case was then subjected to their then standard office procedure, as follows. On receipt of the publication letter from the Patent Office, a letter was sent to the client together with an invoice advising them that the request for substantive examination had to be filed within 6 months from publication and also stating that the agents would pay the substantive examination fee unless instructed to the contrary. A

photocopy of the relevant letter to the applicants dated 7 August 1984 and an invoice is exhibited as Exhibit B, as evidence that their standard procedure was applied. The declaration does not indicate whether a reply was received, and this was not mentioned at the hearing.

The declaration goes on to state that - according to their standard office procedure, that is - at the time of preparation of the letter to the client, a Patents Form 10/77 was also prepared and marked in pencil with the date on which it was to be filed. (Mr Read stated in answer to my question that no copy of this form was made for the file). The forms together with other such official forms, eg for renewal fees, were placed in date order in a secure filing tray which was reviewed each day to ensure that appropriate official forms were filed at the correct time. A fee sheet was made up for the forms to be filed on a particular day, a cheque was prepared, and the forms, fee sheet and cheque were hand delivered to the Patent Office.

In November 1984, they introduced a computerised record system and the present application was entered on to the computer on 4 February 1985. The declaration further states that the procedure at the relevant time was to log the filing of Patents Form 10/77 on the computer and also to log receipt of the official Patent Office Filing Receipt. Exhibit C is a print-out of the computer record for this application. Page 2 of the print-out is arranged in four columns showing for each action Due Date, Bring Up Date (or reminder date), Taken Date (eg date of filing), and Completed Date (eg date that confirmation of filing was received). On the print-out the first two dates have been omitted for the purpose of clarity but are held in the computer memory. The 'Taken Date' for the request for substantive examination is 3 April 1985 and the 'Completed Date' records the date on which the Official receipt was received as 4 April 1985.

Mr Read explained at the hearing that the application was handled at the relevant time by the senior partner, Mr Shipley. The Form 10/77 would have been prepared by one of the secretaries.

Mr Shipley would have signed the form and placed it in the filing tray, marked in pencil with a date on which it was to be filed. Every day the tray was checked and a fee sheet prepared for the relevant items. One of the secretaries would have gone through and logged them on the computer. According to their standard procedure, when a white receipt was received from the Patent Office it was passed to the partner, then the secretary logged the receipt on the computer. He stressed that everyone appreciated the importance of this and everyone understood that putting a 'Completed Date' on the computer suppressed all reminders. Every week a print-out was made of due dates and it would be an act of irresponsibility to enter a 'Completed Date' unless a Patent Office receipt had been received.

In Mr Read's declaration, he further states that subsequent to the introduction of the computer system they disposed of a number of old files and records. They are unable to produce a copy fee sheet, cheque counterfoil or the original white receipt for Patents Form 10/77. However, it is submitted in the declaration that it can be seen from the foregoing that the application was submitted to their standard procedure and a record that the procedure was carried out is evidenced by the computer record.

In answer to my question, Mr Read stated that no independent log was kept of items sent or delivered to the Patent Office, no 'posted-out' book, so to speak. Thus the only documentary evidence of the filing of the form is the computer record.

At the hearing, Mr Read handed me a further statutory declaration by Mr W G M Shipley who is a Chartered Patent Agent and Consultant to the firm of patent agents since his retirement as senior partner. Mr Shipley states that he dealt with the filing of the application. He has read Mr Read's declaration and concurs with the statements made in it. He cannot recall signing the particular Patents Form 10/77 or the cheque for this particular case but from the evidence on their file he says he has every reason to believe that the form was filed and the fee paid. He adds that the office procedure used by the firm to pay and file

Form 10/77 has never failed previously. The same system was used for many years to pay renewal fees, 1949 Act sealing fees etc and he is not aware of a problem of this kind occurring before.

It is convenient at this point to set out what had been established by the Patent Office. After extensive searches no trace was found of the Patents Form 10/77, the fee sheet or an Office copy of a receipt for the form and fee. Mr Sceats demonstrated at the hearing that the Office copies of receipts, Form P Ack 6, are in the form of bound books, the receipts being numbered consecutively and arranged four to a page. The receipt gives the name of the agent (or applicant), the date and lists the application number, the form number, and also has columns to the acknowledge the receipt of drawings, claims, abstract and priority documents. If a receipt was issued for the Form 10/77 relating to this application a copy of it would be expected to be found in the book round about the relevant date. No such receipt has been found and there is no sign that a receipt is missing from the numbered sequence.

In addition, in a letter dated 8 January 1988, following a conversation with Mr Sceats, Mr Read supplied the Office with details of cheques identified from their Cash Book as paid to the Patent Office, and requested a review of the fee sheets relating to the cheques in order to see whether the fee for the Patents Form 10/77 for the present application could be identified. The list identified thirteen cheques spanning dates from 15 March 1985 to 4 April 1985. In a letter dated 18 January and a record of a telephone conversation on 21 January 1988, Mr Sceats indicated that fee sheets corresponding to all of the cheques had been found except one for 19 March 1985. Copies were sent to Mr Read and the originals were produced for the hearing. The dates of these fee sheets in fact ranged from 13 March to 10 April 1985. None of the fee sheets relates to the present application. Mr Read accepted that this was correct and that all the cheques likely to be relevant were accounted for. None of the items on the list from the agent's cash book is dated 3 April 1985 and none of the fee sheets bears this date. A fee sheet dated 4 April

1985 bears a reference to the Form 10/77 for application No 8411638, and Mr Read stated that this had been logged on the computer.

Nevertheless, Mr Read submitted that it was for me to decide, on the balance of probabilities, whether the form was filed and the fee paid. He said they had produced positive evidence that their standard procedure had been applied in this case, and moreover the system had never failed in the past. He would argue that the form was filed and the fee paid.

Aoki's application has certain similarities to the present case in that it also involved a case where a Form 10/77 was alleged to have been delivered to the Patent Office but no trace of it could be found. In the report of the judgment on that case Falconer J. said, at page 145 line 7:

> "The first hurdle that the applicant has to get over in this case is to establish that the form 10/77 was delivered and, therefore, received - I think "received" is the important part, but I will leave it like that, delivered and received - by the Patent Office by the prescribed date; the onus for that is on the applicant himself. In the present case there is no direct evidence which establishes that fact that the form was received by the Patent Office. The applicant has to satisfy me of that fact on the balance of probabilities, if he can."

Falconer J. then goes on to quote from the opinion of Lord Brandon in Rhesa Shipping Co. S.A. v. Edmunds [1985] 2 All E.R. 712 at 718 where I think the following passage is particularly apposite.:

> "... the legal concept of proof of a case on a balance of probabilities must be applied with common sense. It requires a judge of first instance, before he finds that a particular event occurred, to be satisfied on the evidence that it is more likely to have occurred than not. If such a judge concludes, on a whole series of cogent grounds, that the

occurrence of the event is extremely improbable, a finding by him that it is nevertheless more likely to have occurred than not, does not accord with common sense. This is especially so when it is open to the judge to say that the evidence leaves him in doubt whether the event occurred or not, and that the party on whom the burden of proving that the event occurred lies has therefore failed to discharge such burden."

In the present case, the evidence in support of the agents' contention that the form and the fee were duly filed comprises the computer print-out indicating that Form 10/77 for this application was filed on 3 April 1985 and a confirmation of filing was received from the Patent Office on 4 April 1985, together with the explanation of the agents' office procedure for dealing with the form and fee, and the declarations from the two partners to the effect that this procedure had never failed previously. There is, however, no direct evidence that a form 10/77 was prepared for this application - no copy of it was kept by the agents and the Patent Office have been unable to find the form alleged to have been filed. There is also no direct evidence that the fee was paid. The searches in the Patent Office have not located a fee sheet referring to this application and the agents do not have a copy. There is no evidence at all of any cheque or payment corresponding to the application having been received by the Patent Office. All sums of money paid by the agents to the Patent Office close to the relevant date appear to have been accounted for. Although the computer logs a receipt on 4 April 1985, the agents have not kept the receipt and there is no copy of such a receipt in the books of receipts kept by the Patent Office. Moreover it is difficult to see how there could fail to be a copy in the bound books if one had been prepared.

All this seems to me to amount to cogent evidence that the probability is that no form or fee was received by the Patent Office in respect of this application within the prescribed period. Certainly, in my view, the applicant has not discharged the burden of proof which is on him.

Mr Read's second submission relies on rule 100. As amended by the Patents (Amendment) Rules 1987, the relevant parts of the rule now read as follows:-

> "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) Where the irregularity in procedure 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, the comptroller may direct that the time or period in question shall be altered if the irregularity is attributable wholly or in part to an error, default or omission on the part of the Patent Office, but not otherwise.

Subrule (2) was previously in the form of a 'proviso', but has not been greatly altered in substance.

Mr Read's second submission was that, without prejudice to his first submission, the form was filed but the fee had not been paid. It was accepted in Aoki's application that, following the decision of the Court of Appeal in Mills' Application [1985] RPC 339, when a form is filed without fee, an omission by the Patent Office to mark the receipt "No fee paid" and to notify the agents by telephone would bring the 'proviso' to rule 100 into operation so that an extension to the prescribed period for filing the form and fee could be granted by the comptroller.

He submitted that a major distinction from Aoki was that in that case there was no indication that there was an official receipt. In the present case, he said, there was such an indication. The entry on the computer record would not have been made lightly, and he could think of no reason why it would have been made without a white slip, ie a receipt, having been received from the Office.

He said that to the best of his knowledge they had not received a telephone call - there was no record that the non-payment of fee had been drawn to their attention. He said the main thrust of his argument was that there was a positive record that the form was filed, although the evidence regarding payment was not so strong. If this is the case, he said, then there was an irregularity of procedure which could be corrected.

However, in Aoki's application, it was accepted by the hearing officer and by the Patents Court that the evidence showed that it was probable that a Form 10/77 was prepared by a clerk for filing, but there was insufficient evidence to establish that, on the balance of probabilities, the Form 10/77 was duly filed at the Patent Office. In the present case, as I have already indicated, there is no direct evidence that a form was prepared; the agents do not have a copy of the form on their file. While the computer record indicates that the form was filed and a receipt was received by the agents, the form has not been found by the Patent Office. Mr Sceats also pointed out that it is clear from the fee sheets relating to other cases that it is the agents' practice that forms are brought to the Patent Office and handed to the cashier. According to the Patent Office standard procedure the cashier would have noted on the form that there was no fee and would keep the fee sheet. The form would be passed to another room for receipt. Since there was no fee on the form, the person issuing the receipt would mark it "No fee paid". Thus, if indeed the form was filed and a receipt issued without marking it "No fee paid there would have to be a mistake by two people. In addition they would have had to lose the form and the fee sheet. This in itself seems unlikely. Furthermore, I consider that the evidence of the books of receipts points towards a conclusion that in fact no receipt for a Form 10/77 for this application was ever issued. Having taken all this into consideration, I am not satisfied that, on the balance of probabilities, a Form 10/77 was filed at the Patent Office. Thus there can be no question of an 'omission' by the Office that would bring rule 100 into operation.

Mr Read's third submission, as I understood it, was that it was

now the practice when interpreting the law to construe it in accordance with the intention of the law. He pointed out that rules 100 and 110 had been amended twice and it was reasonable to interpret the reason for the change. Thus initially - that is to say in the Patents Rules 1978 - the period prescribed by rule 33(2) for filing Form 10/77 was set at six months, and this rule was excluded from the provisions under rule 110(1) by which times or periods could be extended. Then later - that is to say in the Patents Rules 1982 - it was possible under rule 110(3) to extend the period by not more than one month upon filing Patents Form No 50/77. Rule 110 has recently been changed again whereby on payment of a heavy fee the comptroller can extent the period as he sees fit. The reason must be, he said, that it is unfair, where there is a clear intention on the part of the applicant to pay the fee, for an application to fail on procedural grounds; and there are similar provisions under the EPC. There is evidence in support of such an intention to pay the fee in this case and a strong case for exercising discretion in the applicants' favour and for not applying the precedent case so strictly, he said.

I accept that the applicants' intention may be one factor to be taken into account when considering whether to exercise descretion (although it is not the only one) where such discretion exists. But a strong warning was given in E's Application [1983] RPC at page 253 by Lord Diplock when he said:

> "no tribunal and no court of law has any discretion to vary the meaning of the words of primary or secondary legislation from case to case in order to meet what the tribunal or the court happens to think is the justice of the particular case. Tempting though it may sound, to do so is the negation of the rule of law. If there are cases in which the application of the Patents Rules leads to injustice, the cure is for the Secretary of State to amend the Rules. If what is thought to be the injustice results from the terms of the Act itself, the remedy is for Parliament to amend the Act."

As Mr Read indicated, the Patents Rules were amended again with

effect from 24 March 1987 by the Patents (Amendment) Rules 1987. Rule 110(3) still allows for the extension of the period prescribed under rule 33(2) by one month upon filing Patents Form No 50/77. In addition rule 110(3A) now reads as follows:-

> "(3A) Without prejudice to paragraph (3) above, a time or period prescribed in the rules referred to in that paragraph may, upon request made on Patents Form No 52/77, be extended or further extended by the comptroller if he thinks fit, upon such terms as the comptroller may direct, and whether or not the time or period including any extension obtained under paragraph (3), has expired:
>
> > Provided that no extension may be granted under this paragraph in relation to any time or period expiring before 24 March 1987.

Thus although rule 110 has been further amended, this additional possibility of extension cannot be used in the present case since the relevant period expired before 24 March 1987. Mr Read nevertheless submitted that I should, when considering the evidence, view the matter liberally in view of the way in which the rules have been changed.

However, as I see it, although I have sympathy for the applicant in this case, which, like so many before it, is unfortunate in falling down on procedural grounds, this is the effect of the Act itself. The Act has not been amended and it is Section 18(1) which has the draconian effect that if the form is not filed and the fee paid within the prescribed period, the application shall be treated as having been withdrawn at the end of that period.

The fact that rules pertaining to extension of time limits have now been made more liberal does not alter the fact that the old rule 110 still applies in this case; and the liberalising of the rule cannot in any case have any effect on the standard of proof required in making a determination of fact as to whether, on the balance of probabilities, the form and the fee have been filed. I

have already quoted from Aoki and Rhesa Shipping as to the determination to be made and the standard to be applied, and in my view I have to be guided by these cases. Accordingly I have not found Mr Read's third submission to be of any help in deciding the matter before me.

In the result, I am not satisfied on the evidence presented that, on the balance of probabilities, the Form 10/77 or the fee was filed at the Patent Office within the prescribed period, and I have concluded that there is no basis under rule 100 or 110 for extending the time limit. It follows, regrettably, that in my view the application was properly treated as having been withdrawn at the end of the prescribed period.

I would remind the applicant that, this being a procedural matter, in accordance with R.S.C. Order 104, Rule 19(2)(a), any appeal must be lodged within 14 days after the date of this decision.

Dated this 17 day of February 1988

J SHARROCK
Superintending Examiner, acting for the Comptroller