O/198/97

Mrs Wilson
1R32

PATENTS ACT 1977

IN THE MATTER OF
an application under Rule 110(4) of the Patents Rules 1995
to allow the filing of a translation of
European patent (UK) 0424518
in the name of Institut Pasteur

DECISION

1 This action arises out of the failure of the proprietor of a European patent, granted in the French language, to file a translation in time to make the patent effective in the United Kingdom. European patent (UK) 0424518 was granted by the European Patent Office on 21 December 1994 in the name of Institut Pasteur. In common with most of the member states of the European Patent Convention (EPC), the United Kingdom requires a translation of all foreign-language European patents to be filed at its Patent Office within a certain time from grant for patents to be effective. This is provided for in Article 65 of the EPC, which is enacted in this country by sections 77(6) and 77(7) of the Patents Act 1977. The latter section specifies the result of not so filing a translation, that the patent is treated as always having been void. The time period for filing the translation is prescribed, via Rule 80 of the Patents Rules 1995 in paragraph 2 of Schedule 4 to the Rules, as three months from the date of publication of the mention of the grant of the patent in the European Patent Bulletin.

2 No translation was filed for European patent (UK) patent 0424518 by 21 March 1995, so although it had designated the United Kingdom at grant, the patent had to be treated here as always having been void, and it was duly advertised as such in the Official Journal (Patents) of 28 June 1995.

3 The time period of three months for filing the translation is extensible under the provisions of Rules 110(3) and (4), although the proprietors took some time to appreciate that and to act on it: it was not until 4 September 1996 that the Patent Office received the present application for extension of time under Rule 110(4). That rule states that the time may be extended "if the comptroller thinks fit", and in the exercise of that discretion it is necessary to look into the circumstances which have made the extension necessary. These have been fully described in the evidence which was filed in support of this application, comprising four

statutory declarations. I should also mention that the application under Rule 110(4) was accompanied by an application for restoration of the patent under section 28 of the Act, since no renewal fees had been paid. The Office duly considered the applications and the evidence but, for reasons that will appear below, came to the conclusions that the circumstances of the case were not such as to justify the exercise of the comptroller's discretion under Rule 110(4), and that restoration of a patent which has always been void was not appropriate. The matter then came before me at a hearing on 26 September 1997 at which Institut Pasteur were represented by Mr Colin Birss of Counsel, instructed by Lloyd Wise, Tregear & Co; Mr Ian Sim of the Patent Office also attended.

4 I must now set out the circumstances relevant to the failure to file the translation, and the criteria which the Office applied to those circumstances. Institut Pasteur has over 3,500 patents worldwide and it was of course necessary for them to review the status of each patent periodically to decide whether the expense of keeping it in force was justifiable. Within the Institut this was the function of a committee which reviewed each patent at least once a year. Where it was proposed to abandon a patent the committee would write to the inventor to solicit comment and information. The inventors could approve or disapprove abandonment, and the committee would rely on the inventor's information, but final responsibility for the decision was with the committee.

5 This procedure was followed in the present case: on 8 December 1994 (even before the patent had been granted) Alain Gallochat, Director of the Legal Department, wrote to the inventor, Dr Nicole Guiso-Maclouf, to communicate the committee's proposal to abandon the patent on 31 January 1995 unless she could provide facts necessitating reconsideration. This was despite steps having been taken to commission the necessary translation. Unfortunately, Dr Guiso-Maclouf misunderstood the situation: a new French application had recently been prepared for similar subject matter and she mistakenly thought that this would supersede the existing patents. She did not therefore reply to M Gallochat's letter. The inventor was thus assumed to have no reasons to support maintaining the patent, and the Institut accordingly instructed its patent attorneys on 13 January 1995 to abandon it.

6 The mistake did not come to light until May 1995. Even then, the Institut were aware only of restoration procedures in the United Kingdom and not of the possibility of gaining an extension of time, and therefore concluded that no further action could be taken. They became aware of the latter avenue in December 1995. Even then almost nine months elapsed before the present application was made, and this delay is attributed by the Institut's attorney to the

need to concentrate their efforts on restoring the patent in Germany and Italy, where deadlines expired in the early months of 1996. I do not find that a very adequate reason, and I think the Institut should have acted more urgently on the United Kingdom patent when they finally appreciated the true position in December 1995. There is clearly a public interest in minimising uncertainty as to the existence of patent rights, which patentees should have in mind. I will refer to this later (paragraph 15).

7 What criteria did the Patent Office apply to these circumstances? The preliminary Office view was given in Mr Sim's letter of 6 February 1997 to Lloyd Wise, Tregear & Co that there was no continuous underlying intention to file the translation, because the committee responsible for deciding the fate of the patent had plainly elected to abandon it. The concept of "continuing underlying intention to proceed" is one drawn from the case of *Heatex Group Ltd's Application* [1995] R.P.C. 546 (see page 550 at line 33), a decision of a Principal Examiner acting for the Comptroller on an application under what was then Rule 110(3A), which corresponds to present Rule 110(4). The concept was derived from the Patent Office's previous practice in exercising the comptroller's discretion under this and analogous rules, which practice the Principal Examiner affirmed. He said:

> "In my view, to allow extensions on the basis of a change of mind would be a massive assault on public certainty and one which the Patent Office is right to resist"

The period for extension was in that case the time for filing Patents Form 10/77 requesting substantive examination of a patent application. A decision had been taken not to proceed with the application by those who, although they had formal responsibility for such decisions, were not then aware of the commercial significance of the invention. The decision was subsequently seen to be ill-advised. The Principal Examiner also said:

> "Whilst I appreciate that in retrospect the decision was taken without due care I do not consider that I should regard this as a determining factor. What Miss Healy is asking me to do is to assess the "quality" of the decision-making process applied by Crane and, if it seems flawed or deficient, to disregard that decision. In my view it would be wrong for me to do this."

The relevance of the *Heatex* case will be considered later.

8 Mr Birss started by making three general submissions:

- that the Institut's committee system operated with reasonable care, and that is a relevant factor to be taken into account; the mistake was the inventor's, not the system's;

- that the timing of the mistake was bad luck: if for example the mistake had been made later and caused a renewal fee to be missed the situation would have been rectifiable;

- that the application under section 28 for restoration is inappropriate and unnecessary because the patent was void and renewal fees cannot be paid on a void patent: the only real issue is the extension of time for the translation.

9 As to the first of these, this is bound up with what the Hearing Officer in *Heatex* called the "quality of the decision-making", which was a factor he was not prepared to assess with a view to disregarding flawed or deficient decisions: he felt such assessments could not be sure of giving a fair result for both applicants and public. I think he was right in that approach. A change of mind by the proprietor can come about for various reasons, and a mistake found somewhere in the decision-making system is only one such reason: *any* change of mind would however promote uncertainty in the patents system, if accepted under the comptroller's discretion as grounds for altering monopoly rights. I conclude therefore that the reasonableness of the decision-making system used by Institut Pasteur is a matter of the quality of their decision-making, and as in *Heatex* is not a relevant factor to influence the exercise of the comptroller's discretion.

10 On the second submission, it is a subjective reaction to describe a situation as "bad luck" and I do not think it advances the argument one way or the other. It may well be that if the mistake had occurred later it may not have had the consequences it did: but those are not the facts I am called to decide upon.

11 On the third submission, I agree that it is inappropriate to consider restoring a patent which has always been void. I will regard the application for restoration under section 28 as having been withdrawn and will not consider it further.

12 Mr Birss went on to consider the *Heatex* case, and made three points on it. Firstly, the decision considers other situations that lead to patent rights being reinstated, including restoration under section 28 following non-payment of renewal fees. Mr Birss wished to emphasise the distinction that exists between section 28 and Rule 110(4), which is that the

latter operates with the comptroller's discretion and taking into account all the circumstances, whereas the former requires a narrow finding of fact - whether reasonable care was taken - from which a conclusion inevitably follows. I accept this point entirely, and I believe it was also appreciated in the *Heatex* decision (see for example the passage at page 550 lines 19 to 27). It is I think not inconsistent with the Hearing Officer's view that the intention behind all the provisions of the Act and Rules that may lead to the restitution of an application or a patent is that applicants or patentees should not suffer loss of rights through *unforeseen* circumstances (my emphasis). Secondly, Mr Birss drew attention to a difference between the facts of *Heatex* and the present case: in *Heatex* those responsible for the decision did not consult properly, and the mistake was made at a senior level, whereas here the committee responsible for the decision did indeed ask the right person. The mistake here was made, albeit by the inventor, at a junior level. That distinction may be true, but I do not think it advances the Institut's case: it is unnecessary to attempt to decide whether the mistake occurred within, or outside, the decision-making system of the organisation, if the reasonableness of that system is not a relevant factor. Thirdly, Mr Birss said that the idea of "continuing underlying intention" should not be extracted from *Heatex* as a gloss or rule to dictate how discretion should be exercised on future cases: the Act contains no such idea and indeed sets periods of time during which intentions need not be fixed. This is of course true, and one should beware of elevating ideas which have arisen out of specific circumstances to the level of rules, particularly "rules of thumb". I think the correct approach is for me to use the ideas set out by the Hearing Officer in *Heatex* only to the extent that I consider them right in themselves, and applicable and appropriate to the circumstances of the present case. But since I can find no fault with the reasoning of *Heatex*, and it is applicable to the facts of the present case, I believe it is right that I should adopt that reasoning here.

13 Mr Birss concluded by considering how the discretion available in this case should be exercised. He said that the proper approach was to balance the factors in favour *versus* the factors against, and see which way the scales tipped. His factors in favour were:

- granting an extension would mitigate a real loss, a real harm suffered by the Institut; it was always the intention of the Institut to protect the subject matter of the invention

- the committee took reasonable care: the mistake did not result from a defect in their system

- there was bad luck as to timing, as explained above

- there is a special burden laid on patentees whose specifications are in French or German: filing a translation is an extra administrative hurdle

- considerations of the interests of third parties are neutral here, assuming that the extension of time would be granted subject to the imposition of third party terms analogous to those imposed by statute following patent restoration - see section 28A of the Act.

As to factors against, Mr Birss was only able to envisage that the policy of the Patent Office should arguably be to encourage patentees not to make mistakes, to an extent where all the factors in favour of the exercise of discretion would be overruled. He therefore concluded that the scales tipped in his clients' favour.

14 I accept that the Institut's loss of patent protection on the subject matter of this invention is a very real loss to them and this is a significant factor arguing for favourable exercise of discretion. Their intentions relating to this specific patent were not however constant, and the mistake leading to the loss of protection occurred despite the operation of a systematic review system at a senior level, which makes it the more regrettable. As to the interests of third parties I can further agree with Mr Birss that, were I to exercise discretion in the Institut's favour it would certainly be necessary to impose terms for the protection of third parties who may have acted when the patent passed into the public domain, terms analogous to those of section 28A of the Act. But Mr Birss has failed to include on the opposite side of the scales the considerations that were set out so fully in the *Heatex* case and which I feel able to adopt here. Those considerations seem to me to outweigh decisively the factors on the other side. The loss of public certainty that would arise if the idea of "continuing underlying intention to proceed" were to be overruled in this case is well illustrated here: a decision favourable to the Institut would lead to the public being presented with new monopoly rights almost three years late (relative to the date of grant by the European Patent Office) and that despite the patent having been abandoned by a decision of the review committee of the Institut, and advertised in this country as always having been void. I therefore follow *Heatex* in concluding that it would not be a proper exercise of the comptroller's discretion to permit extensions of time under Rule 110(4) in circumstances where, as here, there has been a change of mind in respect of the patent.

15 I said above (paragraph 6) that I thought the Institut could apparently have been more expeditious in making this application. The Office did not however make a point of this in correspondence, nor was it argued at the hearing. Although I believe that the conduct of a proprietor, particularly as to timeliness and good faith, is in principle a matter that should be taken into account where the discretion of the comptroller is invoked, I have disregarded the timeliness point in forming my conclusion because the Institut has not been called on to give a full response, and because it would not alter that conclusion.

16 I therefore refuse the application under Rule 110(4) for extension of the statutory period for filing the translation. Any appeal from this decision must be made under Order 104 Rule 19 of the Rules of the Supreme Court and lodged within 14 days after the date of this decision, this being a decision on a matter of procedure.

Dated this 4th day of November 1997

H J EDWARDS
Principal Examiner, acting for the Comptroller

THE PATENT OFFICE