

## **PATENTS ACT 1977**

IN THE MATTER OF

Patent GB 2171750

in the name of Mr David Ralph Tristram

### **DECISION**

The facts and issues

1. On 27 September 1996 Patent GB 2171750 was recorded on the Register of Patents as having ceased on 2 March 1996. A notice announcing the ceasing of the patent, due to non-payment of the twelfth year renewal fee, was published in the Official Journal (Patents) of 23 October 1996.

2. Prior to the ceasing of the patent, the Patent Office had been endeavouring to locate £170 that Mr Tristram had transferred from his bank account on 26 February 1996 as payment towards the twelfth year renewal fee but which had not been received by the Office. The Office continued trying to locate the money throughout 1997. Eventually it was established that Mr Tristram had transferred the money in error to the DTI account at the Paymaster General's Office instead of the Patent Office account and that it had been returned to the National Westminster Bank in Chichester, where Mr Tristram had his account. This was explained in a letter the Patent Office sent to Mr Tristram on 20 March 1998 which also informed him that the Comptroller was prepared in principle to exercise discretion under rule 100(2)(b) of the Patents Rules 1995 and reinstate the patent provided that he agreed to certain conditions set out in the letter. Those conditions were that he should pay the twelfth year renewal fee of £210 and agree to the following terms, which I shall refer to hereafter as the "third party terms":

*“As the patent was announced as ceased in the Patents and Designs Journal of 23rd October 1996 it will be necessary to impose conditions to protect the interests of third parties who may have proceeded on the basis of that announcement. Those conditions*

*will be as follows:*

*a) If between 23rd October 1996 (ie the date on which the patent was announced as ceased in the Patents and Designs Journal) and 8th April 1998 (ie the date on which the application under Rule 100 will be announced in the Patents and Designs Journal) a person:*

*I) began in good faith to do an act which would constitute an infringement of the patent if it had not been treated as ceased by virtue of section 25(3) of the Act, or*

*ii) made in good faith effective and serious preparation to do such an act,*

*he shall have the right to continue to do the act or, as the case may be, to do the act, notwithstanding the reinstatement of the patent; but this does not extend to granting a licence to another person to do the act.*

*b) If the act was done, or the preparations were made, in the course of a business, the person entitled to the right conferred by paragraph (a) above may:*

*I) authorise the doing of the act by any partner of his for the time being in that business, and*

*ii) assign that right or transmit it on death (or in the case of a body corporate on its dissolution), to any person who acquires that part of the business in the course of which the act was done or the preparations were made.*

*c) Where a product is disposed of to another in exercise of the right conferred by paragraph (a) or (b), above, that other and any person claiming through him may deal with the product in the same way as if it*

*had been disposed of by the Registered Proprietor of the patent.*

*d) The above provisions apply in relation to the use of the patent for the services of the Crown as they apply in relation to infringement of the patent.”*

3. Mr Tristram was also informed that if he did not accept the conditions he should write to the Patent Office within two months requesting a hearing.

4. Mr Tristram replied to the Patent Office on 21 March 1998 stating that the conditions were unacceptable. With regard to the payment of £210, he said that he could find nothing in his bank statement to show that the £170 that he had paid in 1996 had been returned to his account. He, therefore assumed that the money was still with the Patent Office and enclosed a cheque of £40 to make up the difference.

5. The Patent Office wrote again to Mr Tristram on 20 May 1998 enclosing a copy of the Bank Giro Credit slip dated 21 March 1996 which showed that £170 was paid into his Walberton Nurseries account (Account No. 96186941) at the National Westminster Bank in Chichester. Mr Tristram was therefore asked to repay the £170 which would be added to the £40 he had submitted with his letter of 21 March 1998 to make up the required £210. He was also advised to request a hearing if he was still not prepared to accept the third party terms.

6. In a further letter from Mr Tristram dated 21 May 1998, he again said that he could find no evidence that the £170 had been paid back into his account and asked the Office to look further into the matter. He also indicated that he was still not prepared to accept the third party terms but said that he would have nothing to say on the matter at a hearing since the error occurred within the Patent Office after he had paid the renewal fee.

7. It was subsequently found that the £170 had in fact been transferred from the Bank of England to the National Westminster Bank in Chichester where it was placed in a suspense account. On discovering this, the money was transferred to Mr Tristram's account. The Patent

Office investigations also revealed that in April 1996 Mr Tristram paid £40 towards the twelfth year renewal fee. Therefore, by adding that £40 to the £40 he submitted with his letter of 21 March 1998 all that remained for him to pay to cover the twelfth year renewal fee was £130. This he has now done which means that he has met the condition in the Patent Office letter of 20 March 1998 that required him to pay the twelfth year renewal fee. It follows that the only condition in the letter that Mr Tristram has not complied with is to accept the third party terms.

8. Although Mr Tristram had not asked for a hearing he was informed in the Patent Office's letter of 10 June 1998 that the Office felt it appropriate to refer the matter to a Hearing Officer for assessment. The matter has, therefore, been referred to me for determination on the basis of the papers on the patent file for Patent GB2171750.

9. Before giving my assessment it would be helpful if I first set out the circumstances that led to the patent being recorded as ceased.

10. In accordance with rule 39(1) of the Patents Rules 1995, the twelfth year renewal fee on the patent was due to be paid within the three-month period ending on 2 March 1996. As I have already mentioned, Mr Tristram initially paid £170 by bank transfer into the DTI account at the Paymaster General's Office instead of the Patent Office account. Shortly after this transfer took place, it would appear that Mr Tristram became aware that the patent had not been renewed and contacted the Office to enquire about the situation. The Office then set about trying to trace the money. In the meantime, Mr Tristram paid the £40 balance in April 1996.

11. The normal practice followed in the Patent Office in situations where it is known that an attempt has been made to pay a renewal fee and it does not appear that the Office will be able to resolve the matter before the end of the six-month period allowed for paying the renewal fee with extension fees, is to write to the proprietor before the expiry of that period inviting him to pay the fee again to ensure that the patent is not recorded as ceased. Any previously paid fee that comes to light later will then be refunded. Unfortunately, on this occasion that procedure was not followed and the patent was announced as ceased.

12. In accordance with rule 42 of the Patents Rules 1995 the Office sent Mr Tristram a letter on 29 September 1996 notifying him that his patent had been recorded as ceased. However, on 7 October 1996, the Office sent him another letter informing him that the Office was in the process of transferring his payment of £170 from the Bank of England and that as soon as this had been completed the patent would be “restored to record”. This was followed by a further letter on 3 December 1996 in which the Office said that the Bank of England was still having difficulty locating the £170 and asked Mr Tristram to supply his bank sort code and to state whether the payment was made by cash or cheque. He was also told that as an alternative he could cancel the payment, if he paid by cheque, and forward a further £170. The letter concluded by explaining that once the full payment was received the patent would be restored to record. Unfortunately there is no record on the Patent Office file that Mr Tristram replied to the letter of 3 December 1996. The next communication was a letter the Office sent to Mr Tristram on 15 January 1997 enclosing a booklet on licensing patents which was a follow-up to a telephone enquiry he made on 14 January 1997. No reference was made in that letter to the £170 that the Office was still trying to track down. On 2 March 1997 Mr Tristram paid £230 to cover the thirteenth year renewal fee. There does not appear to have been any further communication between the Office and Mr Tristram until 22 December 1997 when the Office sent him a letter, after he had contacted the Office on 19 December 1997, informing him that the Office was still trying to establish the facts. On 2 March 1998 Mr Tristram paid £260 to cover the fourteenth year renewal fee. The next communication was the Office's letter of 20 March 1998 offering to reinstate the patent.

13. Matters have been compounded by the fact that the Office did not publish any notice that it was considering exercising discretion under rule 100 until 8 April 1998 when a notice to that effect appeared in the Official Journal (Patents).

### Findings

14. What is clear from all this is that although Mr Tristram was initially at fault in not paying the full amount of the twelfth year renewal fee and not paying it into the Patent Office account, the fact is that the Office contributed to the ceasing of the patent because it failed to follow its standard practice as described at paragraph 11 above.

15. What I now need to consider is whether the Patent Office should require Mr Tristram to accept the third party terms as a condition of the Patent Office reinstating his patent.

16. Rule 100 provides:

*"(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 in 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 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."*

17. In those cases where rectification action will result in the reinstatement of a lapsed patent, as in this case, it is the Patent Office's unvarying practice to impose terms analogous to those in section 28A of the Patents Act 1977. Put simply, those terms, as they apply in this case and are reproduced at paragraph 2 above, are intended to protect the interests of third parties who may have made preparations to exploit the invention, which is the subject of the lapsed patent, between the date the patent was announced as ceased in the Official Journal (Patents) and the date at which the Journal warned of the possible reinstatement of the patent. While recognising that the proprietor's rights might be diminished as a consequence of imposing such terms the Office has

consistently adopted the principle that the balance of justice requires that such terms be applied, irrespective of how the blame for the irregularity is apportioned between the proprietor and the Patent Office. Examples of precedent cases where such terms have been imposed or upheld are: Elf Union's Application SRIS 0/96/81; Coal Industry's Application [1986] RPC57; Kangaroos USA's Application SRIS 0/136/85; and Castolin S.A.'s Patent SRIS 0/007/98. In the Kangaroos' case restoration of the application was made subject to third party terms even though the application had ceased through no fault of the applicant.

18. The principle established in these earlier cases, which has been unvaryingly adopted by the Patent Office, of imposing third party terms is, in my view, objectively reasonable and I can see no reason why it should not be applied in the present case. While I accept that the erroneous ceasing of the patent was attributable to the Patent Office's failure to follow its standard practice I must have regard to the interests of third parties. In this respect, it seems reasonable to me that any third parties, who may have seen the ceasing notice in the Official Journal (Patents) and, on the basis of that notice, took the actions specified in the third-party terms, are innocent parties and should be protected from possible charges of infringement.

19. In conclusion, the errors made by the Office are very regrettable and I fully sympathise with Mr Tristram. However, I am satisfied that the third party terms set out in the Patent Office's letters of 20 March 1998 and 20 May 1998 as conditions for reinstatement of his patent are appropriate. I, therefore, direct that Mr Tristram shall be given one month within which to accept the application of the third-party terms. If he does so, the patent will be reinstated; if he does not, the patent will not be reinstated but will stand ceased.

20. Any appeal against this decision must be lodged within 14 days of the date of this decision.

Dated this 24<sup>th</sup> day of June 1998

**M C Wright**

Senior Legal Adviser, acting for the Comptroller

**THE PATENT OFFICE**