

## **PATENTS ACT 1977**

### **IN THE MATTER OF**

application GB 9720181.8 based on  
international application PCT/US96/02776  
in the name of Thiele Kaolin Company

### **DECISION**

1 In this case the United Kingdom Patent Office has allowed an international application made under the provisions of the Patent Co-operation Treaty (PCT) to enter the national phase in the United Kingdom, at the applicant's instigation, although the United Kingdom was not designated in the request other than via a European patent. The Office, having realised its error, now says that the United Kingdom application so generated should be terminated; the applicants however wish it to proceed as it is now their only chance to get a patent for the invention in the United Kingdom. The matter came before me for hearing on 29 October 1998, when the applicants were represented by Mr Brian Reid of counsel, instructed by Mr David Bannerman of Withers & Rogers, and Mr Des Williams appeared for the Office.

2 In more detail, the relevant history is as follows.

2.1 International application PCT/US96/02776 was filed in the USA by Thiele Kaolin Company jointly with two inventors on 1 March 1996. It claimed a priority of 3 March 1995 from a US application. The designations made in the Request under Article 4(1)(ii) PCT are important to note: under the heading "Regional Patent" a European patent is selected, and under the heading "National Patent" four non-European countries are selected. The United Kingdom was therefore not designated other than under a European patent.

2.2 The application proceeded through its international phase, receiving an international search and an international preliminary examination under Chapter II of the PCT from the US Patent and Trademark Office. I have not been shown a copy of the Demand which initiated such

examination and I therefore do not know what states were elected there under Article 31(4)(a) PCT. This office did however receive a notification on Form PCT/IB/331 from the International Bureau that it had been elected in the Demand filed on 1 October 1996, but noting from Article 31(4)(a) PCT that elections can only be made of states already designated under Article 4 PCT I take this to refer to an election of the United Kingdom under a European patent.

2.3 At thirty months from the priority date, that is 3 September 1997, a decision had to be taken about entering the various national or European phases, in accordance with Article 39(1) of the PCT. There was produced in evidence a letter dated 5 September 1997 from the applicant's US patent attorney to Withers & Rogers which included the following:

"Subject: Filing of National Phase Application in the U.K.

Our client Thiele Kaolin Company wishes to enter the national phase in the United Kingdom. Therefore, you are instructed to file a corresponding patent application in the U.K. as soon as possible, but no later than **October 2, 1997**. I understand that the final deadline for filing this application is October 3, 1997."

2.4 There are two things of note in this excerpt: firstly the use of the term "national phase" appears at first sight incorrect according to usual PCT terminology, bearing in mind that the United Kingdom was not separately designated in the request of the international application and it was not therefore possible to enter the national phase here. If the applicants had wanted a patent effective in the United Kingdom they might have been expected to follow the original designations by initiating the regional (ie European) phase before the European Patent Office (EPO). Secondly, UK law prescribes a 30-month time limit for entry into the UK national phase in these circumstances (Patents Act 1997, section 89A(3)(a) and Patents Rules 1995, rule 85(1)(b)); European law by contrast prescribes a 31-month time-limit for entry into the European phase (European Patent Convention (EPC), Rule 104b). The US attorney had in mind a 31-month time limit: this is clearly correct for the European route that the designations envisaged; but it could apply to the national UK route only on the assumption that our 30-month time limit was extended by the one-month extension that is available on request under rule 110(3), albeit with payment of a not-inconsiderable fee of £135.

2.5 Withers & Rogers were thus led to believe that it was the national route that was required, although not originally designated; and on 24 September 1997 they filed the form NP1 which is used to initiate the UK national phase, and the necessary request on Patents Form 52/77 and fee for a one-month extension of the 30-month period.

2.6 Unfortunately the Office then also failed to notice the lack of a UK direct designation and created an application file with the number GB9720181.8. The purported application went through the usual stages of re-publication (with the serial number GB 2 314 293 A and dated 24 December 1997) and it was not until the file was sent to an examiner for substantive examination in January 1998 that the Office noticed the anomaly. The examiner contacted Withers & Rogers first on 14 January 1998 and said that UK domestic processing could not arise. The application was referred back to the formalities examination area headed by Mr Williams who in a letter of 2 February 1998 set out the Office's reasoning (taking into account the precedent case of *Vapocure Technologies Ltd's Application* [1990] RPC 1) and conclusion that the UK application had to be terminated. That was the position on the hearing date.

2.7 Withers & Rogers did not at the 31-month stage apply to the EPO to initiate the European phase because the applicant's US attorney had expressed no interest in proceeding in any country of the EPC other than the United Kingdom. The EPC would have allowed them belatedly to start the European phase if they had applied within one month of the notification under Rule 85a EPC that was sent to them by the EPO on 13 November 1997. That period expired on 13 December 1997 and the European route was therefore closed by the time that the UK Office noticed the anomaly in January 1998. The purported application GB9720181.8 was therefore their only chance of obtaining the patent protection that was desired in the United Kingdom.

### **The Office reasoning**

3 I mentioned that the Office had cited *Vapocure Technologies Ltd's Application* [1990]

RPC 1 to support its conclusion. This was a case where again the applicants sought to enter the UK national phase although the United Kingdom was not designated at the outset, but the applicants had requested the receiving office to correct the designations to add the United Kingdom. The correction being out of time, this office did not allow the national phase to start (unlike here) and was unable to apply any other corrective measures (such as Articles 26 or 48(2) of the PCT, or Rule 100 of our Patents Rules) because absent any UK designation it considered it had no jurisdiction over the application. The hearing officer's conclusions were affirmed by the Court of Appeal.

### **The applicant's case**

4 I turn now to the arguments which Mr Reid advanced at the hearing. There were two main points. The first one had its origins in the case of *Prangley's Application* [1988] RPC 187. Here the United Kingdom was designated at the outset both for a European patent and for a national patent. The applicant decided at the 20-month point to use Chapter II of the PCT and subject his application to international preliminary examination. This requires the submission of a second selection of countries, called "elections", which indicate where the applicant intends to use the results of the preliminary examination, and the applicant's mistake was to elect a European patent but not the United Kingdom directly. As in the present case, the UK Patent Office failed to notice the mistake and not only carried out the international preliminary examination but allowed entry into the UK national phase, including re-publication of the application, although the correct time limit for entry into the national phase, computed on the basis that the United Kingdom was not in fact elected, had long expired. It was contended for the applicant, in what Bingham LJ called "an attractive submission", that the Patent Office by reason of its series of failures had waived any formal defect of procedure or so conducted itself that it could not now be heard to assert that the applicant's submission of the fees and forms had been out of time. This waiver argument was said to gain strength from *Wells v. Minister of Housing and Local Government* [1967] 1 WLR 1000. This was a case on planning permission where a local authority failed to point out that permission was required for a certain development. Lord Denning M.R. said (at page 1007D)

"Now I know that a public authority cannot be estopped from doing its public duty, but I do think it can be estopped from relying on technicalities; ... I take the law to be that a defect in procedure can be cured, and an irregularity can be waived, even by a public authority, so as to render valid that which would otherwise be invalid."

5 Bingham LJ however considered that the Patent Office had to be bound by the *vires* conferred by statute. He rejected the waiver argument, saying:

"Unless it can derive authority to do so from the 1977 Act and the Patents Rules (or, consistently with the 1977 Act and the Patents Rules from the PCT or the PCT Rules) it seems plain that the Patent Office may not lawfully and validly agree to treat as alive that which the 1977 Act stipulates must be treated as dead."

6 The stipulation of the 1977 Act applicable there was section 89(3) (now section 89A(4)) which said that the application shall be treated as withdrawn for failure to enter the national phase at the correct time. In the case now in suit there is, as Mr Reid pointed out, no such explicit stipulation to determine the fate of the purported UK application GB 9720181.8: what is sought to be waived is not an oversight relating to time limits but the creation and prosecution of an application that may have no legal basis. The issue of legal basis is best dealt with below in connection with the review of the legislative provisions that formed the backbone of Mr Reid's second argument, but for now I will merely adapt Bingham LJ's conclusion by saying that, *a fortiori*, it seems plain to me that the Patent Office may not lawfully and validly agree to treat as alive that which the 1977 Act cannot recognise as living. What the Act is able to recognise will emerge below.

7 Mr Reid's second line of argument was a critical review of the legislative provisions. He found a number of points to question, which I have attempted to summarise as follows.

7.1 The PCT requires in Article 4(1)(ii) that the request of an application designate "the Contracting State or States in which protection for the invention is desired on the basis of the international application". At the time of drafting the PCT, regional cooperation to allow bundles of national patents to be granted by authorities such as the EPO had not been fully worked out,

and as a result there are certain tensions between the PCT and the EPC. In particular, the definition of "regional patent" in Article 2(iv) PCT talks of a patent (in the singular) that might be granted by an intergovernmental authority, and thus implies a unitary patent (as might be granted under the Community Patent Convention) rather than a bundle of national patents. The possibility of conflict with the PCT has indeed been recognised: the EPC says in Article 150(2) that the PCT should prevail.

7.2 Mr Reid also pointed out that the PCT is primarily interested in the contracting states, or territories, that are designated for patent protection, not in the route (national or regional) by which the protection is obtained. This can be traced throughout, for example in the appropriate sections of both the Request and the front page of the application as published by the International Bureau, which are entitled "Designation of States" and "Designated States". In the present case Mr Reid argued that the United Kingdom was designated from the outset as a contracting state in which protection was required, notwithstanding that the regional route was specified.

7.3 Mr Reid then turned to an examination of section 89 of the Patents Act 1977, which deals with the recognition of international applications in the United Kingdom. Section 89(1) treats "an international application for a patent (UK)" as an application for a patent under this Act, subject to conditions, and the phrase quoted is defined in section 130(1) as "an application of the relevant description which, on its date of filing, designates the United Kingdom". Mr Reid said it was unclear whether this application is the original international filing (made here in the USA) or the application made in the United Kingdom. If the former, then section 89(1) was fulfilled here because the application in the USA designated (from the point of view of territory) the United Kingdom.

7.4 Section 89(2) then deals with withdrawal of "*the* application" under the Treaty (and thus finds an antecedent in section 89(1)); but section 89(3) starts "*An* application shall not be treated as withdrawn..." and section 89(4) similarly has "For the purposes of the above provisions *an* application shall not be treated..." which therefore do not refer back in the same way and cast doubt on what application is being referred to. Again, this could either be the original international filing, or the application made in the United Kingdom.

7.5 Section 89(4) is clearly important to this case. In full it says:

For the purposes of the above provisions an application shall not be treated as an international application for a patent (UK) by reason only of its containing an indication that the applicant wishes to obtain a European patent (UK), but an application shall be so treated if it also separately designates the United Kingdom.

At first sight this appears to disqualify the present international application from being treated as an international application for a patent (UK). Mr Reid made the further point about this provision however that the word "only" is of uncertain effect, and constitutes something of a double negative with the preceding "not". I take this point to be that the draftsman wished to prohibit a specific circumstance, but anything else is not prohibited; there is thus a certain freedom until the application passes to the UK Patent Office. Mr Reid drew the conclusion that the United Kingdom national phase could be entered via the national route or the European route.

7.6 Mr Reid also pointed out that the provisions of section 89(4) have not always been expressed in those terms in the Patents Act 1977: a significant change was introduced by the Copyright, Designs and Patents Act 1988 15 November 1988 but unusually was retrospective in effect, ie was deemed always to have had effect. Mr Reid conjectured that this was intended to regularise something: specifically to recognise that patents effective in the UK can be granted by parallel routes. The purely national UK route is paralleled by the European (UK) route; and equally international applications can result in UK or EP(UK) patents.

7.7 Finally Mr Reid said that (a) he had to disagree with the statement in the Manual of Patent Practice (as at October 1996), paragraph 89.08, third sentence that "On the other hand, if the UK is designated only for a European patent, the application is not treated as an international application for a patent (UK) and UK domestic processing does not arise"; (b) the applicants should not be shackled here to the relatively expensive and longer European route when they have decided that they only want protection in the UK; (c) third parties would not be taken by surprise if processing proceeds in the UK; and (d) no floodgates are being opened and no major change of practice is required.

8 Mr Reid mentioned section 89(5) of the Act, and also rule 100(2)(b), as safety nets which have been invoked to rectify certain situations; but I agree with him that neither are applicable in the circumstances of this case.

## **Evaluation**

9 In considering Mr Reid's submissions I have attempted to keep one principle clear: that provisions of our Act such as section 89 are intended to give effect to the Patent Co-operation Treaty, as is clear from the preamble to the Act, and should be interpreted consistently with the wording and spirit of the PCT wherever possible. I start therefore by returning to the provisions of the PCT.

10 We need to look particularly at what the PCT says about designations where a regional patent is desired. Firstly, does "regional patent" cover a European patent although the latter is a bundle of national patents? I see no difficulty on this point: the EPC uses the term "European patent" as an entity granted by virtue of the Convention: Article 2(1) EPC . Certainly the effect of the European patent is that of a bundle of national patents (Article 2(2) EPC), but that need not prevent recognition of the European patent as a single legal entity. The European patent is indeed listed on the request form as a regional patent. Secondly, could a designation referring to a regional patent be taken also to be a designation of one (or more) of the states in that region, under the terms of the PCT? It is clear that the PCT maintains a consistent distinction between the two types of designation: for example Article 4(1)(ii) includes the following:

"...if for any designated State a regional patent is available and the applicant wishes to obtain a regional patent rather than a national patent, the request shall so indicate;..."

And Rule 4.9(a) PCT reads:

Contracting States shall be designated in the request:

- (i) in the case of designations for the purpose of obtaining national patents, by an indication of each State concerned;
- (ii) in the case of designations for the purpose of obtaining a regional patent, by an indication that



a regional patent is desired either for all Contracting States which are party to the regional patent treaty or only for such Contracting States as are specified.

11 I think there is a freedom here to designate a state for both a regional patent and a national patent (and this sometimes done); but I see no freedom for the applicant to switch from the regional to the national route in the international phase if the latter route was not indicated, in view of the clear distinction drawn between the two. I note that Article 4(1)(ii) PCT goes on to deal with two situations where a national designation must be treated *ab initio* as a regional or block designation, and the fact that these situations are legislated specifically confirms my view that other changes involving designation are not countenanced. The philosophy of the PCT is that it should be known at the outset where the applicant may pursue his application when the international phase comes to an end, and it would be counter to that if a designation for a European patent (say) did not mean just that and no more. To allow such a designation to generate one or more national patent applications in European states at the applicant's choice would undermine the distinction I referred to above and would introduce an unpredictability at odds with the scheme of the PCT.

12 Is there then any scope under section 89 of the Act for recognising the freedom that Mr Reid argues for, despite the conclusion I have come to on the PCT? Firstly, I think there can be no doubt that when sections 89(1) and 130(1) are read together that the filing date in question is that of the international application, not the date of receipt of the UK national application. Secondly, there is then a requirement from section 130(1) that the UK be designated at that international filing date. It might have been open to argument that the designation of UK via a European patent might constitute such a designation, and so Mr Reid was arguing, but I think it is the intention of section 89(4) to deny this as far as the scope of sections 89(1) to (3) is concerned. This intention can be traced back to section 89(10) of the original Patents Act 1977. Thirdly, the significance of the word "only" in section 89(4) immediately becomes clear when you come to the word "also" in the following phrase of the section: *not only EP(UK) but also UK* is needed. The effect is that a designation of EP(UK) in an international application is not sufficient to activate sections 89(1) and 130(1) - so that the application is then treated as an application for a patent under the Act - but must be accompanied by a designation of UK separately. This clarifies the effect of Article 11(3) PCT as to recognition of an international application at national

level. I do not think the other points raised by Mr Reid against the various parts of section 89 can shake this conclusion, which determines the point at issue.

## **Findings**

13 In summary the only indication concerning the United Kingdom in the present international application, as filed with the USPTO as receiving office, was under the heading of a European patent, and section 89(4) is clearly applicable to prevent the application now being recognised as an application under the Patents Act 1977. The Office cannot persist with the application it mistakenly generated because that application has no legal foundation: to continue with a national application when the applicant did not signal such an application by designation on the request form would be analogous to the Office generating spurious national applications when no Patents Form 1/77 had been filed. Such an excess of statutory powers clearly cannot be legitimised by waiver. It is not enough to say that there is nothing to forbid the office continuing with the application: the office is constrained in all its statutory functions by the specific powers given to it under the relevant Acts and has no freedom to vary those powers. This is reinforced by the finding in *Vapocure* that absent any designation of the United Kingdom for a national patent this office has no jurisdiction over the international application. The designation or election of the United Kingdom under a European patent does not affect that conclusion in view of section 89(4) and in view of the finding in *Prangley*. I therefore direct that the purported application GB 9720181.8 be terminated in 14 days time.

14 This means that the applicants will lose their chance of patent protection in the United Kingdom, and I must express considerable regret that the Office has contributed to this sorry conclusion by accepting the request for national processing and not picking up the designation anomaly until it was too late to allow the European phase to be started.

15 This is a procedural matter and any appeal must be lodged within 14 days.

Dated this 9th day of December 1998

H J EDWARDS

Principal Examiner, acting for the Comptroller

**THE PATENT OFFICE**