PATENTS ACT 1977

IN THE MATTER OF an application
under section 28 by Francis Vause for
restoration of European Patent (UK)
Number 0571385 in the name of
Classlife Limited

DECISION

Background

1. The renewal fee for European Patent (UK) 0571385 ("the patent") in respect of the eighth year became due on 21 June 1998. The fee was not paid by that date or on expiry of the period of grace allowed by section 25(4) of the Patents Act 1977. In view of the non-payment of the renewal fee, the patent ceased on 21 June 1998.

2. An application for restoration was made by Mr Francis Vause on 21 January 2000, which was the last day of the period prescribed for this purpose under rule 41(1)(a) of the Patents Rules 1995. However, at the time Mr Vause made his application, the register indicated that the proprietor of the patent was Classlife Limited ("Classlife"). After considering evidence filed in support of the application, the Patent Office took the preliminary view that Mr Vause had no right to make the application under section 28(2) because he was neither the proprietor of the patent nor any other person who would have been entitled to the patent if it had not ceased to have effect. The Office's view, as well as the reasons for it, were communicated to Wilson Gunn M'Caw, the agent acting for Mr Vause, in official letters dated 6 April 2000 and 11 April 2000. Mr Vause did not accept this view and the matter came before me at a hearing held on 22 June 2000. Mr Vause attended the hearing with Mr Richard Hill and Mr Michael Douglas, both of Wilson Gunn M'Caw, and Mr Bob Hartley, a business associate. The Office was

represented at the hearing by Mr Des Williams.

3. The evidence filed in support of the application consists of two witness statements by Mr Vause. Additionally, I had information from the UK Patent Register showing that Classlife was the registered proprietor of the patent.

The facts

4. In his first witness statement, which is dated 4 February 2000, Mr Vause explains that the invention covered by the patent was made by an employee of a company called Dynedeem Limited ("Dynedeem"). He goes on to state that on 7 September 1995 patents held by Dynedeem were assigned to him and on the same day he assigned these patents to Classlife. The European Patent Register has an entry for June 1996, which shows the assignment of the application for the patent in suit from Dynedeem to Classlife. According to Mr Vause, under the terms of the assignment Classlife was required to pay him a royalty of 2.5p for each patented product sold by Classlife or its subsidiary or associated companies. Mr Vause states that in or around October or November 1995 Classlife changed its name to Benatone Limited ("Benatone"). However, at the time Mr Vause made his application for restoration the European and UK Patent Registers showed Classlife as the proprietor of the patent.

5. Mr Vause continues by stating that Classlife stopped paying the royalty around May 1996, despite continuing to sell patented products. Mr Vause has annexed to his first witness statement a copy of a letter dated 8 December 1999, which refers to a royalty accrued by a company called 'Pivot Group Limited'. Mr Vause explains that this letter is from Benatone but there is no clear indication of that on the letter itself. The letter is signed by a Mr David Lean and bears Classlife's address, as shown in the European and UK Patent Registers. On 17 March 1999 Mr Vause obtained a default interlocutory judgment against Benatone for approximately £108,000 but states that he has been unable to recover monies or goods in satisfaction of this judgment. This led to a petition to wind up Benatone and I was informed at the hearing that a winding up hearing was set for 31 July 2000.

6. Annexed to Mr Vause's second witness statement, which is dated 20 July 2000, is a

copy of an offer to assign from Classlife to Mr Vause a number of patents shown on an accompanying schedule. The patent in suit is one of these patents. This offer, which is signed by Mr David Lean and is on notepaper headed Classlife Limited, is dated 17 January 2000, which is a few days before Mr Vause filed his application for restoration. There is however no evidence that the patent in suit had been assigned before Mr Vause made the application for restoration (or even before the date of the hearing before me). Indeed, at the hearing Mr Vause informed me that the assignment still had not been concluded with Classlife because Classlife had sought to impose further conditions as part of the deal.

Assessment

7. Section 28(2) regulates who may apply for restoration of a patent as follows:

> *"An application under this section may be made by the person who was the proprietor of the patent or by any other person who would have been entitled to the patent if it had not ceased to have effect; and where the patent was held by two or more persons jointly, the application may, with the leave of the comptroller, be made by one or more of them without joining the others."*

At the hearing Mr Hill acknowledged that when Mr Vause made his application, he was not the proprietor of the patent. This is consistent with the information available from the European and UK Patent Registers. Therefore, the question I face is whether Mr Vause was "*any other person who would have been entitled to the patent if it had not ceased to have effect*" when he made the application on 21 January 2000. Mr Hill sought to persuade me that this was the case by arguing that Mr Vause was "the prospective owner" of the patent by virtue either of (a) the offer of 17 January 2000 to assign the patent or (b) the prospect of acquiring the patent in satisfaction of the debt owed by Benatone. In the event that these arguments failed, Mr Hill proposed that the application for restoration should be allowed to proceed in the name of the liquidator when appointed.

8. Before I can consider Mr Hill's submissions in detail, I must consider what is meant by the reference to "any other person" in section 28(2). At the hearing Mr Hill drew my attention to

two unreported decisions - *Border's Patent* (BL O/157/79) and *Whiteside's Patent* (BL O/44/84).

9. In *Border's Patent* the Assistant Comptroller took the view that "the reference to any other person who would have been entitled to the patent if it had not ceased to have effect is someone to whom the patent might have been assigned after the date of lapsing in ignorance of the fact of lapsing". At the hearing Mr Hill sought to persuade me that this statement only provides guidance on the interpretation of what is meant by the reference to "any other person". In particular, Mr Hill proposed that entitlement in the context of section 28(2) is not just a matter of ownership but extends to any other interest in a patent. He said that this was evident from section 8 of the Patents Act 1977, which deals with questions about entitlement to patents, etc. However, I can find nothing in section 8 to sustain this argument. On the contrary, while section 8(1) refers to "any right in or under any patent" and section 130 defines "right" in relation to any patent as including "an interest in the patent", this terminology, on which Mr Hill seems to rely, is not found in section 28(2). Thus, in the absence of a definition in the Patents Act 1977 of the word "entitled", I believe that I must give this word its normal meaning of "having title to something" and so must conclude that entitlement is essentially a matter of ownership.

10. I turn now to *Whiteside's Patent* in which the Assistant Comptroller's statement in *Border's Patent* was considered. In this case, Mr Whiteside had assigned his patent to his wife shortly before his death but the assignment was not registered. This left Mr Whiteside as the registered proprietor even after his death. Faced with these facts the Superintending Examiner concluded that "Section 28 is referring to the proprietor in the sense of being the person who owns the rights to the invention or is the prospective owner of such rights, whether or not a claim to such rights has been registered with the Comptroller under section 33". Mr Hill opined that the Superintending Examiner's reference to "the prospective owner of such rights" went beyond the hypothetical situation exemplified in *Border's Patent* (where at the time an application for restoration was made, ownership had already been transferred, albeit in ignorance of the fact that the patent had lapsed) to embrace situations where there was the prospect that ownership might be transferred to the applicant for restoration after the application was made. Again I cannot agree with Mr Hill. When interpreting the Superintending Examiner's reference to "the prospective owner", I must do so with an eye to section 28(2). As a result I see no more

in these words than a reference to a person who is the prospective owner in the sense that he would be the owner if the lapsed patent were restored.

11. This brings me to a matter I raised with Mr Hill at the hearing. Proceedings under section 28 to restore a patent are *without-notice* proceedings. Thus, following an application for restoration, the comptroller will consider whether the patent should be restored on the basis of evidence presented by the applicant or applicants for restoration. There is no opportunity for any other person to become a party to these proceedings. This contrasts with proceedings for determining entitlement to a patent, where the comptroller must take account of the views of not only the person claiming entitlement but also those of any other person who may be entitled to the invention. I therefore asked Mr Hill if he expected me to decide in these proceedings whether Mr Vause was entitled to the patent so that the patent would be restored to Mr Vause as the proprietor, if indeed the patent was eventually restored. Mr Hill took the view that if I decided that Mr Vause was entitled to the patent for the purposes of an application under section 28, this would not have a bearing on the proprietorship of the patent if it were restored.

12. It is very clear to me that in these proceedings under section 28, my decision cannot change the ownership of the patent. Moreover, after careful consideration I find that I cannot agree with Mr Hill's response to my question. In my view, if someone rightfully makes an application to restore a patent on the basis that he is "*any other person who would have been entitled to the patent if it had not ceased to have effect*", the patent must be restored to that person on that basis. Thus, if Mr Vause's application for restoration is to proceed in his name, I must be satisfied that at the time he made the application he would have owned (alone or otherwise) the patent if it had not ceased to have effect.

13. I can now turn to the particular submissions put to me at the hearing by Mr Hill.

Mr Vause was "the prospective owner" of the patent by virtue of assignment negotiations

14. Mr Hill's submission to me was that the negotiations to assign the patent, which were in train before Mr Vause made his application, established Mr Vause as a "prospective owner" in line with the Superintending Examiner's conclusion in *Whiteside's Patent.* I have already

explained what I consider the Superintending Examiner intended in *Whiteside's Patent* when he referred to "the prospective owner". Therefore, it follows that the evidence, which was filed with Mr Vause's witness statement of 20 July 2000 and which only shows that Mr Vause was in the process of negotiating the assignment of the patent, rather than that the patent had been assigned, does not establish Mr Vause as "any other person" within the terms of section 28(2). I therefore find that this first submission by Mr Hill fails.

Mr Vause was "the prospective owner" by virtue of the prospect of acquiring the patent in satisfaction of a debt

15. Mr Hill's second submission was again based on the Superintending Examiner's reference to "the prospective owner" in *Whiteside's Patent*. However, in this submission Mr Hill put it to me that Mr Vause was the prospective owner on the basis that he had applied for the winding up of Benatone and that he will be dealing with the liquidator when appointed to acquire the patent in satisfaction of the debt owed him by that company.

16. I have various concerns about this argument. Not the least of these relate to the proprietorship of the patent. The registered proprietor is Classlife and, consistent with this, the negotiations to assign the patent back to Mr Vause were with Classlife. Yet, the winding up order is against another company (Benatone) and no evidence has been provided to establish that Benatone has a proprietory right to the patent. Another concern is that I have only Mr Vause's statement that as far as he is aware, he is the largest and possibly only creditor of Benatone. However, even if Benatone has some proprietory right to the patent and Mr Vause is Benatone's only creditor, in view of my understanding of the reference to "the prospective owner" in *Whiteside's Patent*, I do not accept that the application to wind up Benatone and the prospect of some arrangement between the liquidator and Mr Vause, qualifies Mr Vause as "any other person" for the purposes of section 28(2). Even if Mr Vause is successful in concluding the arrangement he seeks with the liquidator, his qualification as "prospective owner" would come too late for the purposes of section 28(2).

The application for restoration should be allowed in due course to proceed in the name of the liquidator

17. Mr Hill prefaced his submission to me on this point by suggesting that section 28(2) should be construed widely to allow a person, who has an equitable interest in a patent and who might be disadvantaged by the lapsing of the patent, to apply for restoration of the patent. Having regard to the present circumstances, Mr Hill explained that Mr Vause had filed the application for restoration in trust for the liquidator, pending his appointment, in order to protect the interests of creditors, including himself. According to Mr Hill, by acting in trust for the liquidator, Mr Vause must have an equitable right to file the application for restoration and the application should be allowed to proceed on the basis that the liquidator is a person entitled under the terms of section 28(2). Thus, when the liquidator is appointed his name should be substituted for Mr Vause's on the application and in the meantime the restoration proceedings should be stayed.

18. As I have indicated above, it is not appropriate in these proceedings to decide on prospective entitlement to the patent. In my view, it is equally inappropriate to decide in these *without-notice* proceedings whether Mr Vause had an equitable interest in the patent at the time he made his application for restoration. The question then arises whether I should stay Mr Vause's application for restoration until such time as the matter of his equitable interest might be resolved. In deciding this matter I am drawn back to the wording of section 28(2), which requires the applicant for restoration, if not the proprietor himself, to be *"any other person who would have been entitled to the patent if it had not ceased to have effect"*. Mr Hill's submission is that the liquidator in this case would be "any other person" for the purposes of section 28(2) but of course the actual application for restoration was made by Mr Vause and not the liquidator. Indeed, it could not have been made by the liquidator because he had not been appointed then. Thus, since the application was made by Mr Vause, who I have already established did not have the right to do so under section 28(2), I am constrained to regard the application as not having been properly launched, which leaves no proceedings to stay. Therefore, I do not accept Mr Hill's third submission.

19. Because I have been unable to accept Mr Hill's third submission that Mr Vause made the application for restoration in trust for the liquidator, I must consider Mr Hill's final but related submission. This is that an error was made in nominating Mr Vause as applicant in the application for restoration and that the applicant should be corrected to the name of the liquidator when one is appointed. There is plainly no error here. As the other submissions make clear, it was clearly intended that Mr Vause submit the application for restoration and it is not appropriate to disguise second thoughts as a "correction". It follows that I cannot accept this fourth and final submission made by Mr Hill.

Conclusion

20. In conclusion I find that the application for restoration cannot proceed because Mr Vause was neither a person who was the proprietor of the patent nor any other person who would have been entitled to the patent if it had not ceased to have effect, as required by section 28(2), when he made the application on 21 January 2000. Any appeal against this decision must be lodged within six weeks of the date of the decision.

Dated this 14th day of August 2000

R J Walker
Assistant Director, acting for the comptroller

THE PATENT OFFICE