



BL O/083/07

22<sup>nd</sup> March 2007

## PATENTS ACT 1977

APPLICANT	Tannoy Limited
ISSUE	Whether patent application number GB 0102280.5 should be reinstated under section 20A
HEARING OFFICER	B Micklewright

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## DECISION

### Introduction

- 1 Patent application GB0102280.5 was filed on 29 January 2001 in the name of Goodmans Loudspeakers Limited (Goodmans). The application proceeded as normal until an examination report was issued under section 18(3) of the Patents Act 1977 on 5 November 2003. The Office received no response to the examination report and a standard letter warning of refusal under section 20(1) was issued on 13 July 2005. The period for complying with all the requirements of the Act and rules as prescribed by rule 34 of the Patents Rules 1995 expired on 29 July 2005. No reply was received from the applicant by that date and the application was accordingly treated as refused under section 20(1).
- 2 On 6 April 2006 the Office was informed that the patent application had in fact been transferred to Tannoy Limited, a sister company of Goodmans, on 20 November 2003. The new applicant, Tannoy, also filed a request for reinstatement under section 20A on 15 May 2006. The Office was minded to refuse this request for reinstatement on the basis that the failure to comply with the requirements of the Act and rules by the end of the period prescribed by rule 34 was not unintentional. The applicant disagreed and requested a hearing. The matter therefore came before me at a hearing on 22 January 2007 in which the applicant was represented by Mr. Michael Moir and Mr. Jeremy Smith of Mathys & Squire, the firm of patent attorneys acting for the applicant. Mrs. Christine Farrington attended on behalf of the Office.

### The law

- 3 Section 20A of the Patents Act 1977 states:

20A.-(1) Subsection (2) below applies where an application for a patent is

refused, or is treated as having been refused or withdrawn, as a direct consequence of a failure by the applicant to comply with a requirement of this Act or rules within a period which is -

(a) set out in this Act or rules, or

(b) specified by the comptroller.

(2) Subject to subsection (3) below, the comptroller shall reinstate the application if, and only if -

(a) the applicant requests him to do so;

(b) the request complies with the relevant requirements of rules; and

(c) he is satisfied that the failure to comply referred to in subsection (1) above was unintentional.

- 4 An applicant who requests reinstatement when their application is refused or treated as refused for failure to comply with a requirement of the Act and rules within a particular period must therefore satisfy the comptroller that the failure to comply was unintentional.

#### **The facts of the case**

- 5 The events which occurred following the filing of this patent application and prior to the request for reinstatement are set out in the timeline below.

29 January 2001	Patent application GB0102280.5 filed in the name of Goodmans Loudspeakers Limited.
5 November 2003	Patent Office issues an examination report.
20 November 2003	Application assigned from Goodmans to Tannoy Limited, a sister company of Goodmans, both members of the TGI Group which had been acquired by the TC Group in January 2002. Mr. Anders Fauerskov, CEO of TC Group, Managing Director of Tannoy and, prior to the closure of the company, Chairman of Goodmans, signed the agreement for both companies. Mr. Fisker, a director of Goodmans, also signed the agreement.
4 February 2004	Mr. Michael Moir, the patent attorney responsible, reported the examination report to Goodmans.
March 2004	Goodmans entered into administration.
27 May 2004	Mr. Moir asked Goodmans for instructions on a number of outstanding patent and trade mark applications, including the application in suit. Mr. Paul Dwyer, then

Finance Director at Goodmans, said that he would consult Mr. Alex Garner, Technical Director at Tannoy, but that, pending further instructions, Mr. Moir was to take no further action.

- 4 June 2004 Mr. Moir sent an email to Mr. Dwyer, copied to Mr. Garner where he indicated that Mr. Garner did not wish to take over the application in suit and therefore that, unless he heard otherwise by 7 June 2004, no response to the official action would be made and the application would then be deemed abandoned. Mr. Moir accordingly took no action.
- 7 June 2004 Extended deadline for reply to the examination report expired.
- 28 June 2004 Conference call between Mr. Dwyer and Mr. Steve Scaife of Goodmans, Mr. Garner of Tannoy and Mr. Fauerskov to discuss the transfer of a number of patents, patent applications and trade marks from Goodmans to Tannoy. The application in suit was not listed amongst those discussed.
- 30 July 2005 Application in suit treated as refused.
- 14 March 2006 Mr. Moir informed by an email from Mr. Garner that Tannoy wished to take over the application. Mr. Moir explained that the application had lapsed.
- 21 March 2006 Mr. Moir informed by Tannoy of the assignment which took place on 20 November 2003.
- 6 April 2006 Mr. Moir filed an application under rule 110(4) for an extension of time for replying to the examination report and for putting the application in order for allowance.
- 15 May 2006 Application under rule 110(4) converted to a request for reinstatement under section 20A.

### **Applicant's arguments**

- 6 At the hearing Mr. Smith opened his submissions by confirming that the transfer of the application from Goodmans to Tannoy was not at the time reported to Mr. Moir, the patent attorney responsible for prosecuting the application. He commented that Mr. Fauerskov, Tannoy's CEO, thought the application was a granted patent and that therefore there was no need to report to the attorneys the details of the transfer. As a result, the attorneys continued prosecuting the application and reported and sent reminders not to Tannoy but to Goodmans, in particular to Mr. Dwyer of Goodmans. Tannoy was not even aware of the Office action until late in the day. It was also apparent from the submissions made to me and from the witness statements

of Mr. Fauerskov and Mr. Garner that Mr. Fauerskov also failed to inform either Mr. Garner or Mr. Dwyer of the transfer, and thus that neither Mr. Garner nor Mr. Dwyer were aware that the application had been assigned to Tannoy. Mr. Garner stated in his witness statement that had he known that Mr. Fauerskov had transferred the application, he would have asked Mr. Moir to prosecute it through to grant. Mr. Fauerskov said in his witness statement that he “unintentionally and inadvertently omitted to inform the relevant persons in Tannoy and Goodmans of the transfer”. Mr. Fauerskov also said that although he thought that the application was a granted patent he nevertheless intended that those responsible for patents in the two companies attend to any formalities following the transfer.

- 7 Mr. Smith went on to address the two periods which had not been complied with, namely that for replying to the examination report within the extended period and that for putting the application in order. He argued that the latter period would have been complied with if the earlier had and that the failure to respond to the examination report within the relevant period led directly to the failure to put the application in order within the period prescribed by rule 34.
- 8 Mr. Smith then turned to the intentions of Mr. Garner, Technical Director at Tannoy. He commented that Mr. Garner was not sent a copy of the examination report and therefore he could not have been said to make a positive decision not to reply to the examination report. The only information Mr. Garner gave to the attorney at the time was that Tannoy were not interested in acquiring the application. Mr. Smith submitted that this did not constitute a positive decision that the application should not be proceeded with.
- 9 Mr. Smith emphasised that what is important is the intention of the applicant Tannoy rather than that of any of the individuals concerned. He stated that to determine the intentions of Tannoy one had to identify the person in the organisation who best represented the will of the organisation. Mr. Smith then argued that the intentions of Mr. Fauerskov, the CEO and a member of the Board, better represented the actual intention of the applicant than Mr. Garner, the Technical Director, and any conflict between the decisions of these people within Tannoy should be resolved in favour of the decision of the CEO. Mr. Garner did not make any decision in relation to the failure to comply with the period for response. The failure to respond to the examination report was a direct result of the decision of Mr. Dwyer from Goodmans. But Mr. Dwyer did not represent the applicant, which at that time was Tannoy and not Goodmans. Later on in his submissions Mr. Smith pointed out that it was immaterial whether Mr. Dwyer’s instructions were influenced by Mr. Garner, as the only decision made and the only instructions given concerning the application were given by a person who was acting outside the powers vested in him. Mr. Smith also argued that as Goodmans was in administration, technically it would have to have been the administrator who made the decision if Goodmans had still owned the application.
- 10 Mr. Moir then emphasised that Mr. Garner did not take any decision on whether the patent should be maintained. He was merely asked for an opinion as to whether Tannoy would be interested in taking it over. That decision was

in fact wrong as he was unaware of his CEO's earlier decision to assign the application to Tannoy, as was Mr. Dwyer. The only decision taken was by Mr. Dwyer who as not authorised to take that decision as Goodmans no longer owned the application.

- 11 Mr. Smith then turned to the conference call of 28 June 2004. He highlighted that Mr. Fauerskov said in his witness statement that he considered that Tannoy already owned the application (or granted patent, as he thought it) and he failed to appreciate that other participants in the conference call were not aware of this. He therefore considered that the application was not worth discussing at this conference call. Mr. Smith submitted that it would be dangerous to read into the conference any intention to do anything in relation to the application in suit at all.
- 12 After the date of the conference call no further instructions were received by the attorney in relation to the application in suit. Mr. Smith summarised the situation by indicating that Mr. Dwyer thought the matter dealt with, Mr. Garner thought the application was the responsibility of Goodmans, and Mr. Fauerskov thought the application was a granted patent and therefore that its prosecution had already been dealt with. There were a few unfortunate assumptions which led to inaction but, Mr. Smith submitted, none of these could be read as a positive decision not to proceed.
- 13 Mr. Smith then addressed me on the e-mail of 14 March 2006 from Mr. Garner which indicated a desire to acquire assignee rights of the application in suit and which ultimately led to the facts of the case coming to light and the subsequent request for reinstatement. Mr. Smith contended that the email did not demonstrate a change of mind. He admitted that the e-mail demonstrates that Mr. Garner was a little confused about the situation and that there was an awareness of new commercial conditions. But these merely brought the application in suit back into his mind. It was clear, Mr. Smith argued, that Mr. Fauerskov considered that the application was already owned by Tannoy. There was an underlying confusion in the email concerning the ownership of the application but, Mr. Smith submitted, the email did not demonstrate any change of mind. Later on in his submissions Mr. Smith said that if Mr. Garner was aware that he had made a decision that the application should not continue he would have toned the email differently, for example by asking for resurrection or reinstatement or words to that effect. He did not ask about the status of the application or mention at all the possibility of recovery. Mr. Smith admitted that Mr. Garner's intentions in the email appeared cloudy but that in the circumstances a realistic interpretation is that it did not indicate a change of mind on the part of Mr. Garner.
- 14 In summary Mr. Smith said that there was no intention on the part of Tannoy for the application to lapse. The only instructions received by the attorney concerning the application were those of Mr. Dwyer, which were invalidly given. No valid expression of intent could be read into Mr. Garner's comments. Mr. Smith said that in a sense they themselves as agents had made a mistake in that they did not appreciate that Tannoy was the true proprietor, albeit that their actions were based on incorrect information available to them. Mr. Dwyer certainly failed to appreciate that Tannoy was the true proprietor as he had not

been made aware of the transfer by his senior officer. Mr. Garner also failed to appreciate that Tannoy was the true proprietor and so failed to issue any instructions at all. The situation is conveniently summarised in the applicant's skeleton argument, which states "the failure to put the application in order for allowance was, therefore, a result of a misunderstanding and was unintentional as required by the Act".

15 Mr. Smith then referred to *Heatex Group Ltd's Application* [1995] RPC 546 and argued that Mr. Fauerskov had a "continuing underlying intention" (the test set out in *Heatex*) that the application (or patent, as he thought it to be) be maintained. Mr. Smith also referred me to the comment made by the hearing officer in *Heatex* that an applicant should not suffer loss of rights through unforeseen circumstances as the circumstances leading to the failure must be set against the continuing underlying intention to proceed with the application. Mr. Smith said that in the case of a request for reinstatement a slightly different test must be satisfied, namely that the failure to comply with the requirement within the period be unintentional, but put it to me that nevertheless the principle that the applicant should not suffer loss through unforeseen circumstances was relevant. Mr. Smith then went on to list the unforeseen circumstances in the present case, namely the misunderstandings of Mr. Garner and Mr. Dwyer and the breakdown of communication between the senior officer of Tannoy and other officers.

16 I asked Mr. Smith and Mr. Moir whether they had any further submissions on the actions of Mr. Garner in deciding not to take on the application. In reply, Mr. Moir emphasised again that Mr. Garner's actions, whatever they were, could not be taken as being a valid reflection of the body corporate, as Mr. Garner did not know that the application had already been assigned to Tannoy and was therefore acting under a misapprehension. He then took me to *Heatex* where the hearing officer said:

"However, it seems to me that the question of who was legally the applicant at the relevant date is not the correct one. In my view the correct question is, 'Who was authorised at the relevant date to take decisions as to the fate of the application?'"

Mr. Moir then submitted that one of the clearest things in this rather confused situation was that Mr. Dwyer was not authorised at the relevant date to take decisions as Goodmans did not at that time own the application.

17 Mr. Moir then turned to the actions of Mr. Garner and Mr. Fauerskov and reiterated the argument that Mr. Fauerskov would have wanted to keep the application alive had he been aware it was an application rather than a granted patent but everybody else involved did not know this and were acting under a misapprehension. Mr. Moir then put it to me that as a matter of English something that is without intention must be "unintentional". Mr. Garner did not express any intention as to whether the application should live or die but merely said that he was not interested in it. But, Mr. Moir submitted, this is not the same thing as intending that it should lapse. Mr. Moir then referred to his email of exhibit 5 of his witness statement where he said:

“This is just to advise you that Alex Garner does not wish to take over this case, so unless you instruct us otherwise we will not reply to the current official action “

Mr. Moir argued that it is therefore absolutely clear that everyone concerned viewed the application as a Goodmans application, and it was for Mr. Dwyer to decide what to do with it. But unfortunately Mr. Dwyer, Mr. Garner and Mr. Moir were all acting under a misapprehension.

- 18 In closing Mr. Moir stressed that Mr. Garner was speaking in ignorance and could not validly have been representing the intentions of Tannoy, as he was not properly instructed. The person who matters most is Mr. Fauerskov and he stated that he always intended that Tannoy keep the application (or patent as he thought it was).

### **Patent Office arguments**

- 19 The Patent Office took the view that, following *Heatex*, there was a positive decision by the persons authorised at the relevant date to take decisions as to the fate of the application, namely Mr. Garner and Mr. Dwyer, not to proceed with the application, albeit that the decision was apparently made without knowledge that Tannoy owned the application rather than Goodmans. The Office also considered that the email of 14 March 2006 indicated a change of mind based on a renewed commercial interest in the product. The Office concluded that the subsequent failure to comply with the time limit could not therefore be unintentional.

### **Assessment**

- 20 The “unintentional” test is sometimes compared with the “continuing underlying intention to proceed” test which first appeared in *Heatex Group Ltd’s Application* [1995] RPC 546 in the context of exercising the comptroller’s discretion to extend a time limit under rule 110. The hearing officer in *Heatex* also said that to allow extensions on the basis of a change of mind would be “a massive assault on public certainty” and held that a decision not to proceed with the application by the person authorised to take that decision was a “change of mind”. The comptroller has applied this test on a number of occasions when considering whether to exercise discretion to extend a time limit under rule 110. The test of section 20A(2), which must be satisfied if a request for reinstatement is to be allowed, is however a different test. It requires that the failure to comply must be unintentional. This is a statutory requirement and does not involve exercising the comptroller’s discretion. Although the *Heatex* approach may be of some use in certain cases in determining whether the failure to carry out some action within a period is unintentional, my starting point must be the legislation itself. I therefore have to decide whether I am satisfied that the failure by the applicant to comply with a requirement of the Act or rules within a period was unintentional.
- 21 There are two periods at issue here, namely the period for responding to the examination report under section 18(3) and the period for complying with the Act and rules prescribed in rule 34 in relation to section 20. Mr. Smith

submitted that the failure to respond to the examination report led directly to the failure to put the application in order within the period prescribed by rule 34. I accept this submission and accordingly will focus in this assessment on the failure to respond to the examination report.

- 22 In this rather complex case I first need to determine who the applicant was at the relevant times. Goodmans made the initial application. I accept the applicant's submissions that the patent was validly assigned to Tannoy on 20 November 2003. Thus the applicant of the application in suit was, from 20 November 2003, Tannoy.
- 23 Rule 36A sets out the period in which a request for reinstatement must be made. Rule 36A(2) states that it shall be the first to expire of:
- (a) the period of twelve months starting on the date on which the application was terminated, or
  - (b) the period of two months starting on the date on which the removal of non-compliance occurred.
- 24 The request was made on 15 May 2006 and thus was clearly made within the twelve month period prescribed by rule 36A(2)(a), the application having been terminated on 30 July 2005. In my view the removal of the cause of non-compliance occurred when Mr. Garner became aware that Tannoy owned this patent application. This appears to have occurred some time between 14 March 2006 when Mr. Garner indicated to Mr. Moir that he wished to take over the application and 21 March 2006 when Mr. Moir was informed by Tannoy of the assignment. I note that, had the removal of non-compliance occurred on the 14 March then the two month period prescribed by rule 36A(2)(b) would have been extended to 15 May as the 14 May was a Sunday. Thus the request for reinstatement was made within the two months prescribed by rule 36A(2)(b) and was therefore made in time.
- 25 I will now address the question as to whether Tannoy's failure to respond to the examination report within the extended period specified by the comptroller was unintentional. There are three key people involved in the matter, namely Mr. Dwyer, Mr. Garner and Mr. Fauerskov. Mr. Moir, the patent attorney, was also involved and I will consider his actions and advice as set out in his witness statement and the associated exhibits to the extent that they help clarify the intentions of the applicant. I should say from the outset that I accept the applicant's submissions that Mr. Dwyer, Mr. Garner and Mr. Moir were unaware that the application had been transferred from Goodmans to Tannoy.
- 26 I will first consider the actions and intentions of Mr. Dwyer who was Finance Director of Goodmans at the time when a response to the examination report was due. There is no doubt in my mind that he deliberately decided not to reply to the examination report. Mr. Smith suggested at one point that even if Goodmans had owned the application it should perhaps have been the administrator who should have made the decision. But as Tannoy, not Goodmans, was the applicant at the relevant time this point is not relevant. Unless Mr. Dwyer was specifically acting on instructions from Tannoy when he



made the decision not to reply to the examination report, I do not believe that his action in deciding not to reply and thus to let the application lapse necessarily reflected the intentions of the applicant, Tannoy. Mr. Garner did work for Tannoy and it is apparent from the evidence that Mr. Garner and Mr. Dwyer did discuss the application in suit, with Mr. Moir involved in the discussions as well. There is, however, nothing in the witness statements or the submissions made to me to suggest that Mr. Garner explicitly instructed Mr. Dwyer to let the application lapse. The conversation appeared to be restricted to whether Tannoy would take over the application from Goodmans. I therefore conclude that, although Mr. Dwyer's failure to reply to the examination report was not unintentional, his actions and intentions did not reflect those of the applicant, Tannoy.

- 27 I will now turn to the intentions of Mr. Garner, Technical Director at Tannoy, and Mr. Fauerskov, CEO of Tannoy. There is conflict between their intentions and actions in relation to the application in suit due to a series of misunderstandings. My first task is therefore to determine whose intentions best reflect those of the applicant, Tannoy.
- 28 Mr. Garner, as Technical Director at Tannoy, was responsible for making decisions concerning Tannoy's patents and patent applications. It was in this context that he made the decision not to take on the patent application in suit. Mr. Garner was not aware that Tannoy in fact already owned the application. But he said in his witness statement that, had he been aware of the transfer, he would have asked Mr. Moir to prosecute the application through to grant, which would have included replying to the examination report and I have no reason to doubt this. His decision not to take on the application was taken under the misapprehension that Goodmans owned the application and so this decision may perhaps not best reflect those of the body corporate.
- 29 Turning now to the intentions of Mr. Fauerskov, it is apparent from Mr. Fauerskov's witness statement that he was not involved in the day-to-day management of Tannoy's patent portfolio. In fact he said in his witness statement that he intended that those "responsible for patents in the two companies" (Tannoy and Goodmans) should attend to any formalities following the transfer. Thus Mr. Garner as Technical Director was generally responsible for matters concerning Tannoy's patents and patent applications but it is apparent that Mr. Fauerskov did at least from time to time involve himself in patent-related matters. In fact he did so specifically in the case of the application in suit where he made the decision himself to assign this application to Tannoy and he signed the assignment on behalf of both Goodmans and Tannoy. Moreover he was also involved in the conference call of 28 June 2004 which discussed a number of other patents and patent applications as well as some trade marks. It is also clear that Mr. Fauerskov is the more senior person in the company and that Mr. Garner would have followed his wishes had he been aware of them and prosecuted the application through to grant. I therefore conclude that it is the intentions of Mr. Fauerskov rather than those of Mr. Garner that best reflect those of the applicant, Tannoy Limited, in relation to the application in suit.
- 30 As I have found that it is the intentions of Mr. Fauerskov rather than those of

Mr. Garner that best represent the intentions of the applicant, and that Mr. Garner would have followed these intentions had he been aware of them, it is not relevant whether Mr. Garner's decision not to take on the application amounted to a positive decision to let the application lapse, nor what effect such a decision may have had, as any decision he may or may not have taken did not represent the intentions of the applicant, Tannoy. I therefore do not need to determine this matter.

- 31 I now turn, therefore, to the intentions of the CEO of Tannoy, Mr. Fauerskov. He was responsible for the assignment of the application from Goodmans to Tannoy. It is apparent that Mr. Fauerskov intended Tannoy to have patent protection for the invention which formed the basis of the patent application. Mr. Fauerskov failed to appreciate that the patent application was not in fact a granted patent but that more work was required on the application, including replying to an examination report. Nevertheless he intended that those responsible for patents in the two companies (Mr. Garner and Mr. Dwyer) should attend to any formalities following the transfer of the application to Tannoy and he intended to inform Mr. Garner of the assignment but, in the words of his witness statement, "unintentionally and inadvertently omitted to inform the relevant persons in Tannoy and Goodmans of the transfer". I accept that his failure to tell Mr. Garner about the assignment and to attend to any formalities was unintentional. I believe that, had Mr. Garner been aware of the assignment, he would have prosecuted the application through to grant which would have included responding to the examination report, as is consistent with his comments in his witness statement. I therefore conclude that if Mr. Fauerskov had not made the unintentional omission of failing to inform Mr. Garner of the assignment then the applicant, Tannoy Limited, would have replied to the examination report by virtue of the actions of Mr. Garner. I therefore find that the failure by Tannoy to respond to the examination report within the extended period specified by the comptroller was unintentional.

### **Conclusion**

- 32 I conclude that Tannoy's failure to comply with the period specified in the examination report and then extended was unintentional as required by section 20A(2) of the Patents Act 1977. This failure led directly to the failure to comply with all the requirements of the Act and rules within the prescribed period as required by section 20(1) and this failure was also therefore unintentional. I therefore allow the request to reinstate this application.
- 33 Section 20B of the Act sets out, amongst other things, the effects of a reinstatement on the rights of third parties. These rights will apply in the case of the application in suit, as it was published under section 16 before its termination. I refer the application to the Patent Office for processing of the reinstatement and continued processing of the application.

### **B MICKLEWRIGHT**

Senior Legal Advisor acting for the Comptroller