



29<sup>th</sup> January 2009

## **PATENTS ACT 1977**

### **APPLICANT**

**ISSUE** Whether to allow a late response to an examination report under section 18(3) for patent application number GB 0324999.2 in the name of Floodsentry Ltd and whether to extend the period prescribed by rule 19 for the filing of divisional application GB 0813475.1

**HEARING OFFICER**

B Micklewright

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## **DECISION**

### **Introduction**

- 1 Patent application GB 0324999.2 (“the parent application”) was filed on 27 October 2003 in the name of WT (UK) Limited. It was subsequently published on 4 May 2005 as GB 2407608 A. The applicant requested substantive examination on 2 November 2005 and the examiner issued a first examination report under section 18(3) of the Patents Act 1977 (“the Act”) on 30 October 2006. The latest date for reply to this examination report was specified as 28 February 2007. This was extended to 28 April 2007 following a request for an extension under section 117B of the Act and then again to 28 June 2007 following a request for a discretionary extension. A further discretionary extension was then requested. This was provisionally allowed subject to providing sufficient reasons for allowing the extension. The applicant was given until 28 August 2007 to provide such reasons. Neither reasons nor a response to the examination report were provided by the deadline.
- 2 On 13 March 2008 the Office issued a letter indicating that no reply to the examiner’s report of 30 October 2006 had been filed and that, in accordance with section 20(1) of the Act, the Office intended to treat the application as refused shortly after 27 April 2008, the date of expiration of the period for putting the application in order. On 25 April 2008 the Office was informed that the application had been assigned to Floodsentry Ltd. The new applicant provided a response to the examination report and requested reinstatement of the application under

section 20A on that date. The applicant also provided on this date reasons for the delay in replying to the examination report and arguments that the request for reinstatement was filed in time. A request for an extension of time to the period for reply to the examination report under rule 106(2) of the Patents Rules 2007 (“the Rules”) was also filed on this date.

- 3 The examiner replied on 26 June 2008 indicating that the application had not yet been refused or deemed to have been refused and thus the reinstatement provisions of section 20A did not apply. He highlighted that the relevant issue was whether to allow a late-filed response to his examination report and came to the conclusion that reasons provided by the applicant were not sufficient and therefore that he was not minded to exercise discretion under section 18(3) to allow a late-filed response. He also indicated that in his view the failure to file a response on time was not unintentional.
- 4 The applicant responded on 23 July 2008 requesting a further extension to the compliance period and requesting a hearing. A date was set for an oral hearing but the applicant cancelled this date. I gave the applicant a further month to request a further date for a oral hearing. No such request was made and this decision is therefore based on the papers on file.
- 5 On 23 July 2008 divisional application GB 0813475.1 was filed in the name of Floodsentry Ltd. This was however filed outside the period for filing divisional applications prescribed by rule 19, which expired three months before the end of the compliance period of the parent, which in this case is three months before 27 August 2008. The applicant therefore requested an extension to the period prescribed in rule 19. The examiner was minded to refuse the request and this matter therefore also came to me for decision.

### **The law**

- 6 Section 18(3) of the Act states:

*18.-(3) If the examiner reports that any of those requirements are not complied with, the comptroller shall give the applicant an opportunity within a specified period to make observations on the report and to amend the application so as to comply with those requirements (subject, however, to section 76 below), and if the applicant fails to satisfy the comptroller that those requirements are complied with, or to amend the application so as to comply with them, the comptroller may refuse the application.*

- 7 Rule 19 of the Rules states:

### **New applications filed as mentioned in section 15(9)**

**19.—(1)** *A new application for a patent may be filed as mentioned in section 15(9)—*

*(a) before the end of the relevant period; or*

*(b) if earlier, before the earlier application is terminated or withdrawn.*

*(2) Such an application must include a statement that it is filed as mentioned in section 15(9).*

*(3) For the purposes of this rule the relevant period is—*

*(a) where an applicant is notified under section 18(4) that his earlier application complies with the requirements of the Act and these Rules, two months beginning with the date of that notification; or*

*(b) in any other case, the period ending three months before the compliance date of the earlier application.*

The comptroller may extend the period prescribed by rule 19 under rule 108(1) of the Rules. Such an extension may be subject to conditions and, under rule 108(7), can only be made within two months of the expiry of the prescribed period.

### **Applicant's case**

- 8 The applicant's patent attorney firm, HLBBshaw, set out a statement of reasons as part of Patents Form 14 requesting reinstatement. This is the only evidence and argument provided by the applicant, and is summarised in the following paragraphs.
- 9 Mr. J Gunn was company secretary of the original applicant company, WT (UK) Ltd. He had developed a good working knowledge of the patent process and was the only one in the company with sufficient knowledge and capacity to instruct the patent attorney in connection with the company's intellectual property matters. Shortly after the issue of the examination report on 30 October 2006, Mr. Gunn unexpectedly resigned and left the company. No one else had experience of managing IP matters. Mr. H Langer took on temporary responsibility and this was then transferred to Mr. N Barker. Mr. Barker was aware that a response to the examination report was due but was also aware of the possibility of the application being assigned to a third party. This transfer of responsibility for the patent within WT (UK) and the possibility of assignment to a third party led to delays, initially unforeseen.
- 10 The assignment took place on 3 March 2008 to Floodsentry Ltd. When Floodsentry became aware of the outstanding examination report, they instructed the same firm of patent attorneys to make a request for reinstatement along with a response to the examination report.
- 11 The attorney argued that both WT (UK) and Floodsentry therefore intended to continue with the application at all material times. The delay prior to the assignment was due to the departure of the member of staff with experience in managing IP matters and the increased burden this placed on the remaining personnel. The further delay was during the negotiation of the assignment and due to uncertainty as to when it would be concluded and therefore whether it would be for the original applicant or for the assignee to respond to the examination report.

- 12 The attorney also argued that the removal of the cause of non-compliance was the date on which Floodsentry were informed of the examination report, namely 6 March 2008. The request for reinstatement was made within two months of that date.
- 13 In relation to the divisional application GB 0813475.1, the applicant argued that there had been little time to examine the contents of the examiner's letter of 26 June 2008 setting out why he was minded to refuse the request for an exercise of discretion to allow the late response to the examination report on the parent application. The divisional was filed as a measure to preserve the applicant's opportunity to obtain patent protection for their invention. It was pointed out that the application was not assigned to Floodsentry until 3 March 2008. The attorney argued that the delays in issuing a decision on the parent application should not adversely affect the divisional application. Submissions made in relation to the delays in the parent application were repeated in relation to the divisional application.

### **Office's arguments**

- 14 The examiner focused primarily on whether to exercise discretion to allow the late response to the examination report. He argued that the notification provisionally extending the period for reply to 28 August 2007 was very clear and was apparently ignored. He therefore concluded that the reasons put forward were not sufficient to allow discretion to be exercised to allow the late-filed response. Furthermore he commented that from paragraph 5 of the attorney's letter of 25 April 2008 it was clear that Mr. Barker was aware that a response to the examination report was due. The examiner thus concluded that a conscious decision was made not to respond to the examination report within the specified period based on what appeared to be business reasons. Thus the failure to reply within the specified period was not unintentional. He also disputed the attorney's assertion on when the removal of the cause of non-compliance took place, arguing that it must have been on or before 4 July 2007, when the original applicant renewed their interest in the application and looked to move it forwards. At the very latest he put the removal of the cause of non-compliance as taking place on 30 July 2007, the date the applicant was told by email that the period had been provisionally extended.
- 15 In relation to the divisional application, the Office argued that an extension to the period for the filing of divisional applications could only be made in exceptional circumstances and in circumstances where the applicant had been diligent in their prosecution of the application to date. The examiner argued that in this case the circumstances of the assignment were not exceptional. Floodsentry could have filed the divisional application and requested an extension of the compliance period as soon as they acquired ownership of the patent application as a sensible precaution. Finally, the examiner argued that it was correct to consider the actions of the previous applicant if appropriate, and in this case, for reasons set out in relation to the request for an exercise of discretion to allow a late response to the exam report on the parent application, the previous applicant had not been diligent in the prosecution of the application to date.

### **Analysis**

*The requests for reinstatement under section 20A and an extension of time under rule 108(2) for the parent application*

- 16 I will first address the request for reinstatement and the request for a further extension of time under rule 108(2). Section 20A(1) states “Subsection (2) applies where an application for a patent is refused, or is treated as having been refused or withdrawn, ...”. Thus it is clear that the reinstatement provision of section 20A(2) cannot apply if an application has not been refused or treated as refused or withdrawn, as is the case with the application in suit.
- 17 Rule 108(2) applies to extensions of any period of time prescribed by the provisions listed in Part 2 of Schedule 4 of the Rules. The period specified by the examiner for reply to an examination report in accordance with section 18(3) of the Act is not included in these provisions and thus rule 108(2) does not apply in this case.

*Allowance of the late-filed response to the examination report for the parent application*

- 18 The applicant’s case therefore turns on whether discretion should be exercised to allow their late response to the examination report. Office guidance on some of the relevant factors to consider when deciding whether to exercise discretion to allow the late response is set out in paragraphs 18.54 to 18.60 of the Manual of Patent Practice. From these paragraphs it may be seen that other hearing officers who have considered these issues have made it clear that it is in the public interest to resolve any uncertainty in a patent application as quickly as possible and therefore as further delays are incurred the reasons for these delays must be strong. I agree with these comments.
- 19 I will first determine whether the failure to file a response to the examination report within the period specified by the examiner as extended to 28 June 2007 was unintentional. This is a useful first step in deciding whether or not to allow discretion, although is not conclusive one way or the other. As no reasons were given in relation to the provisional extension to 28 August 2007, the period was not actually extended to this date but in any case nothing turns on this point. If I find that the failure was not unintentional, I will then go on to consider whether there are any other factors which would justify an exercise of discretion to allow the late-filed response in this case.
- 20 As I have already mentioned, the only account of what took place in relation to the failure to respond to the examination report within the period specified by the examiner is in a statement attached to the request for reinstatement. It is unfortunate that Mr. Gunn, the Company Secretary who appeared to have responsibility for IP matters, left the organization during the prosecution of the application. The statement does not indicate the date at which Mr. Gunn left. Responsibility for the patent then passed to Mr Langer and then to Mr Barker. Neither Mr Langer or Mr Barker had experience in managing IP matters. The statement does however say in paragraph 5:

“Mr N Barker was aware a response was due to the Examination Report but was aware of the possibility of the application being assigned to a third

party.”

- 21 The statement then goes on to say that there was thus an unforeseen delay due to the change in personnel responsibility for the application and then a further delay. Unfortunately no dates have been given in the statement for any of these actions. It would however seem to be the case that before the provisional deadline of 28 August 2007 for replying to the examination report responsibility for the patent had at least passed to Mr Langer and had most probably, from a reading of the statement as a whole, then been passed on to Mr Barker. Paragraph 5 of the statement, set out above, clearly indicates that Mr Barker made a conscious decision not to reply to the examination report within the period specified by the examiner (as extended). In the statement it was argued that this delay occurred because there was uncertainty as to when the assignment would be concluded and thus who would be responsible for responding to the examination report.
- 22 Mr Barker’s conscious decision not to respond to the report until the assignment was concluded despite being aware that a response was due clearly indicates that the failure to file a response to the examination report was not unintentional. Rather it was an intentional, deliberate action. I therefore cannot exercise discretion to allow the late response on the grounds that the failure to reply was unintentional. Moreover I note that under section 20A(2)(c) of the Act an application refused or treated as refused or withdrawn as a direct consequence of a failure by the applicant to comply with a requirement of the Act or rules within a period specified by the comptroller may only be reinstated if the failure to comply was unintentional. Thus in the present case reinstatement would not be available even if the application had been refused or treated as refused or withdrawn.
- 23 I will now consider whether there are any other factors which would justify exercising discretion to allow a late response. Although I have some sympathy with the problems caused by Mr Gunn’s unexpected departure, it is clear that other personnel in the company were kept well informed of the status of their application by their patent attorney and were aware that a response to the examination report was required by the due date. The delay caused by waiting for the assignment to be concluded is not in my view an acceptable reason to justify an exercise of discretion. The assignment was not concluded until 3 March 2008, long after a response to the examination report was due. Given this long delay Mr Barker could and should have arranged for a response to have been made to the examination report. I note that he did not even provide reasons for requiring a further extension to the period for replying, as requested by the examiner in response to the 4 July 2007 request for a further extension.
- 24 I can find no further grounds to justify an exercise of discretion to allow a late response to the examination report under section 18(3). I therefore refuse the application under section 18(3) due to a failure by the applicant to satisfy the comptroller that requirements reported by the examiner as not being complied with have in fact been complied with, or to amend the application so as to comply with them.

*Extension of period prescribed for the filing of the divisional application*

25 I agree with the examiner that I cannot find any circumstances in relation to the filing of the divisional application GB 0813475.1 which are exceptional. Assignments occur reasonably regularly in relation to patent applications. The problem in the present case was that no reply to an examination report was filed on the parent application until the assignment was concluded. A reply could easily have been filed earlier, either by the first applicant alone or by agreement with the assignee. Moreover a divisional application could have been filed earlier. I have already found that the failure to reply to the examination report within the specified period was not unintentional and that there were no reasons to justify an exercise of discretion to allow a late response to the examination report. It is the failure to file a response to the examination report on time which led directly to the filing of the divisional application. I therefore conclude that there are no exceptional circumstances for allowing the extension to rule 19. Moreover the reason the applicant filed the divisional application arose out of an intentional failure to respond to an examination report in time on the parent application. Both the initial applicant (WT (UK) Ltd) and the new applicant (Floodsentry Ltd) could have been more diligent. On balance I therefore take the view that there are not sufficient grounds for me to exercise discretion to allow the request to extend the period prescribed by rule 19 for filing the divisional application. I therefore refuse this request.

26 I note that the divisional application would have been filed in time if the compliance period for the parent application had been extended to or beyond 23 October 2008. The applicant requested an extension of the compliance period of "at least two months (but longer if possible)" in a letter dated 23 July 2008. The examiner granted a two-month discretionary extension to 27 August 2008 but correctly did not grant a longer extension as rule 108(7) prohibits this. The applicant could of course have requested a further discretionary two-month extension within a further two-month period but did not do so. As this two-month period for so doing expired on 27 October 2008, this avenue is no longer open to the applicant.

### **Conclusions**

27 In conclusion, as I have declined to exercise discretion to allow the late-filed response to the examination report, I refuse the parent application GB 0324999.2 under section 18(3).

28 I also decline refuse the request to exercise discretion provided by rule 108(1) to extend the period for filing the divisional application GB 0813475.1 prescribed by rule 19.

## **Appeal**

- 29 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

**B MICKLEWRIGHT**

Deputy Director acting for the Comptroller