

1<sup>st</sup> February 2008

## PATENTS ACT 1977

APPLICANT                      Roke Manor Research Limited

ISSUE                              Whether patent number GB2368740  
should be restored under section 28

HEARING OFFICER              G J Rose'Meyer

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## DECISION

### Introduction

- 1 This decision concerns whether the patent in suit should be restored following a failure to pay the renewal fee.
- 2 The renewal fee in respect of the sixth year of this patent fell due on 30<sup>th</sup> March 2006. The renewal fee was not paid by that date or during the period allowed under section 25(4) upon payment of the prescribed additional fees. The application for restoration was filed on 27<sup>th</sup> November 2006, within the nineteen months prescribed under rule 41(1)(a) for applying for restoration.
- 3 After consideration of the evidence filed in support of other applications for restoration by Matsushita Electric Industrial Company Limited in the case of patent numbers GB2288939, GB2322748, GB2322749 and GB2322750, the applicant in those cases was informed that it was the preliminary view of the UK Intellectual Property Office that the requirements for restoration, as laid down in section 28(3), had not been met. The applicant in those cases did not accept this preliminary view and requested a hearing.
- 4 The matter came before me at a hearing on 11<sup>th</sup> May 2007, attended by Mr. Shaun Ryan and Mr. Walker, both of Computer Patent Annuities Limited. I was assisted at the hearing by Mr. Brendan Cleary. Mr. Ryan had asked that this current application be stayed pending the outcome of the hearing in the Matsushita cases as his evidence and submissions in all these cases were essentially identical. At the hearing Mr. Ryan informed me that he was content for my decision on the Matsushita cases to stand for this present case too. References to the evidence in this decision are (except where otherwise indicated) references to the evidence filed in the Matsushita cases.

## The evidence

5 The evidence supplied in this case is a witness statement dated 27<sup>th</sup> November 2006 by Mr. Shaun Ryan of Computer Patent Annuities Limited. The witness statement consisted in paragraphs 1 and 2 of background information on Mr. Ryan. At paragraphs 3 it said:

3. *It was never the proprietor's intention to allow this patent to lapse and the failure to renew was unintentional and I attach as Annexure SFR1 a letter dated 24 November 2006.*

6 A copy of a letter from the proprietor dated 24<sup>th</sup> November 2006 in support of the application for restoration was attached as Annex SFR1. This letter essentially consisted of the statement "*It was never our intention to allow this patent to lapse and the failure to renew was unintentional and we request restoration of patent no. 2368740*"

7 No further evidence was supplied.

## Background

### Origins of Section 28(3) (as amended)

8 Section 28 of the Patents Act 1977 was amended by the Regulatory Reform (Patents) Order 2004, which came into force on 1 January 2005. The explanation of the rationale for the Order, contained in the statement laid before Parliament in accordance with section 6 of the Regulatory Reform Act 2001, was that the reforms were aimed at cutting what was perceived as unnecessary red tape. Many of the reforms were "inspired by" the Patent Law Treaty ("PLT") signed on 1 June 2000 (but which had not then been formally ratified by the UK). The explanation stated that once the reforms had been implemented the Patents Act 1977 should be "PLT compliant". The UK ratified the PLT on 22<sup>nd</sup> December 2005 and it entered into effect in the UK on 22<sup>nd</sup> March 2006.

9 Article 12 of the PLT is entitled "*Reinstatement of Rights After a Finding of Due Care or Unintentionality by the Office*". As the title of the Article suggests, it offers contracting states the option in the reinstatement of rights (which includes restoration of a patent) to choose to employ a "due care" or an "unintentional" test. After consultation, the UK chose the latter.

10 Although the PLT does not have direct legal effect in the UK it is interesting to note article 12(1)(iii):

(1) *[Request] A Contracting Party shall provide that, where an applicant or*

*owner has failed to comply with a time limit for an action in a procedure before the Office, and that failure has the direct consequence of causing a loss of rights with respect to an application or patent, the Office shall reinstate the rights of the applicant or owner with respect to the application or patent concerned if:*

*(i) ....*

*(ii) ....*

*(iii) the request states the reasons for the failure to comply with the time limit; and*

*(iv) ....*

### **The Law as it relates to these cases**

11 Section 28(3) of the Patents Act 1977 now states:

*If the comptroller is satisfied that the failure of the proprietor of the patent –*

*(a) to pay the renewal fee within the prescribed period; or*

*(b) to pay that fee and any prescribed additional fee within the period of six months immediately following the end of that period,*

*was unintentional, the comptroller shall by order restore the patent on payment of any unpaid renewal fee and any prescribed additional fee.*

12 The Patents Rules 2007 (SI 2007 No. 3291) (“the 2007 Rules”) entered into force on 17 December 2007. These Rules replace the Patents Rules 1995 (“the 1995 Rules”). The relevant rules in force at the time of this hearing and at the time of all actions which took place in relation to the patents in suit were the 1995 Rules. All references to rules in this decision are therefore references to those rules as set out in the 1995 Rules.

13 Because it is of particular importance to the arguments in these proceedings, the relevant parts of the rules relating to restoration are reproduced below:

*41(1) An application under section 28 for the restoration of a patent –*

*(a) ....*

*(b) shall be made on Patents Form 16/77 supported by evidence of the statements made in it;*

*and the comptroller shall publish in the Journal notice of the making of the application .*

*(2) If, upon consideration of the evidence, the comptroller is not satisfied that a case for an order under section 28 has been made out.....the comptroller shall refuse the application.*

- 14 Although there have been many applications for restoration under the revised provisions, the Matsushita cases are the first to be heard under these provisions.

### **The applicant's case in summary**

- 15 The applicant propounds arguments that can most easily be dealt with under two main strands:
- A. The office is wrong to apply a “continuing underlying intention” test in this case – “The *Heatex* argument”
  - B. The evidence supplied in this case is sufficient in order to fulfill the requirements of Section 28(3) – “The central case”

### **The Office's case in summary**

- 16 The Office argues that in order for this patent to be restored, more than a mere assertion of what the statute requires is called for. Although the proprietor has complied with the requirement of the rules in that evidence in one of the prescribed formats (in this case by witness statement) has been filed, the evidence supplied is not sufficient so that it allows the comptroller to make a judgment on whether to be satisfied that the failure to pay the renewal fee was unintentional.

### **Assessment**

#### A. The “Heatex” argument

- 17 During the examination of the Matsushita applications for restoration, in an official letter dated 10<sup>th</sup> November 2006, a question had been put to Mr. Ryan as to whether it had always been the intention of the proprietor to pay the renewal fee. Mr. Ryan correctly identified the origins of this enquiry as coming from the *Heatex* case - *Heatex Group Ltd's Application* [1995] RPC 456.
- 18 At the hearing, some considerable time was spent by Mr. Ryan arguing that the Office was wrong in utilising the test applied in *Heatex* to try and establish a meaning of the word “unintentional” in Section 28(3).
- 19 As there is no definition in the Act or rules of the word “unintentional” the Manual of Patent Practice at Section 20.09 attempts to give some guidance on this matter by reference to *Heatex* where it claims a similar standard has been applied by the Office in deciding whether to exercise discretion favourably in allowing a period of time to be extended under rule 110. This has loosely come to be known as the “continuing underlying intention” test and has been referred to in recent cases before the Office where “unintentional” considerations appear elsewhere in the Act i.e. Section 5(2C) (late declarations of priority) and Section 20A (reinstatement of applications).
- 20 Mr. Ryan's arguments here were essentially twofold :

- *firstly* that it is not correct for the Office when interpreting a statute to go beyond the ordinary dictionary meaning of a word unless the context otherwise dictates and
- *secondly*, the *Heatex* principles have been recently eschewed by the Office in determining an interpretation of the word “unintentional” in two decisions – *Sirna Therapeutics Inc’s Application* BL O/240/05 and *Bernard Edgar Anning’s Application*, which was upheld on Appeal (CH/2007/APP/0040) and that the same line should be followed here. His view was that in the circumstances the question in the official letter of 10<sup>th</sup> November 2006 had no bearing on these cases.

21 On the second point I am in complete agreement with the line taken in *Sirna* and *Anning* and indeed accepted Mr. Ryan’s arguments at the hearing. The *Heatex* test does not assist in deciding the meaning of “unintentional” in Section 5(2C), Section 20A or indeed it follows, in Section 28(3). On the first point however, I shall be commenting in more detail later as it is also relevant to Mr. Ryan’s “central case” as I have characterised it.

*B. The central case*

22 The applicant’s central case as stated in correspondence, in skeleton arguments prior to the hearing and at the hearing itself by Mr. Ryan is in essence simple. He argues that what is required by Section 28(3) of the Act is that the comptroller be satisfied that failure to pay the renewal fee was unintentional. Once a proprietor has stated that the failure to pay the renewal fee was unintentional, then *a fortiori* the comptroller should be satisfied. Mr. Ryan argues that the required statements have been made in evidence as required by rule 41(1)(b), therefore the proprietor has done everything required of it to have its patents restored.

23 The Office’s preliminary view was that it did not agree with this stand-point. The central case effectively raises the question “what does a proprietor need to do to satisfy the comptroller that the lapse in paying renewal fees on time was unintentional?” However, within that simplistically phrased question, there are many considerations on which Mr. Ryan has made submissions and which I shall address.

24 As I have said above, the Matsushita patents are the first to go to a hearing under the new “unintentional” provisions of Section 28. As such, I can find no guidance in case law to rely upon in interpreting how the new provisions should be applied. Mr. Ryan has not brought any to my attention. As he has pointed out, other cases (notably *Sirna* and *Anning*) have been decided on matters where the unintentional provisions also exist in the Act, but the substantive issues in both cases were not the interpretation of how to satisfy the comptroller that (a particular) failure is unintentional.

25 So the matter needs to be approached afresh.

26 In my view Mr. Ryan approaches it correctly by firstly going to the wording of the

statute. He says the key words in the statute are “satisfied” and “unintentional”. But it his approach and conclusions beyond that (summarised at paragraph 22 above) which is at issue here.

- 27 Is Mr. Ryan’s central case correct? In the office’s preliminary view, no. And after careful deliberation, in my view also, no.

### **Reasoning - the background arguments**

#### *The ordinary dictionary meaning of words*

- 28 The wording of Section 28 makes it incumbent upon the proprietor to satisfy the comptroller that the failure to pay the renewal fee on time was unintentional. Mr. Ryan argues that this could not be clearer and to support this contention he argues that all he needs to do therefore to satisfy the comptroller is make the necessary declaration in the form of evidence prescribed by the rule which administers Section 28, which is rule 41(1)(b).
- 29 As convenient though that sounds, in my view it cannot be the full story. To my mind, the “key words” (as Mr. Ryan puts it) in the legislation i.e. the words “satisfied” and “unintentional”, are in isolation easy enough to interpret. They have common dictionary meanings and can be easily understood. As Mr. Ryan argues, it is not correct for the office when interpreting a statute to go beyond the ordinary dictionary meaning of a word unless the context otherwise dictates. At the hearing we went through the common dictionary definitions of these words, but in my view this shed very little illumination on the heart of the issue, so I do not intend to regurgitate these here. Suffice to say that there was no great distance between Mr. Ryan and myself on the common meaning of these two words.

#### *The meaning of section 28(3)*

- 30 But the crux of Section 28(3) it seems to me is not these two words in isolation, but what is expected in order to fulfill the requirements of the Section in total. What does it mean when read *in totality*?
- 31 Section 28(3) tacitly charges the proprietor with satisfying the comptroller that the failure to pay the fee on time was unintentional, but it also requires something of the comptroller. It is obviously the converse of course of what is expected of the proprietor. It requires that the comptroller should satisfy himself of the unintentional failure to pay the renewal fee on time before he can restore the patent in question. Only *if* he is satisfied shall he restore the patent.
- 32 So the determination as to whether the comptroller can restore the patent has to be *judged* on the basis of the case the proprietor has put before him. There is a decision to be made by the comptroller. I shall expand on this later.

#### *Reference to the rules*

- 33 However, Section 28(3) does not directly assist either the proprietor or the comptroller in telling how either party is to discharge their respective roles.

- 34 The next logical step is to refer to the rules which regulate procedure under this part of the law.
- 35 Rule 41(1)(b) is the relevant rule (see above at paragraph 13). It has two requirements - that an application for restoration should be made on a Patents Form 16/77, which shall be supported by evidence.
- 36 This of course is only partially helpful to both the proprietor and the comptroller in that it shows the formal means by which the required information shall be furnished i.e. by evidence. The definition of evidence is at rule 103(1) and states:

*Where under these Rules evidence may be filed, it shall be by statutory declaration, witness statement or affidavit.*

But the rule is as silent as the statute itself on what is the level of evidential burden on the proprietor that will satisfy the comptroller.

*Establishing a benchmark for evidential burden to satisfy the comptroller*

- 37 Mr. Ryan argues that in order to dispel the burden on the proprietor, he need do no more than state in evidence that the failure was unintentional and *a fortiori* the comptroller has to be satisfied.
- 38 What more can the comptroller need to satisfy him than that which the statute itself stipulates and in the format required by the rules?
- 39 But on closer consideration I find it hard to accept that line of reasoning. Mr. Ryan opined at the hearing that the Office's preliminary refusal of the application for not supplying enough evidence is an attempt on behalf of the office "*to revisit the old law and to continue enforcing it through the back door*" as he put it. There would be no reason or benefit in the Office seeking to do this. The Office is charged with the duty of applying the law as it stands and always seeks to do that. In applying new provisions such as these where there is little guidance on how to do so, it is quite possible the Office's attempts to establish the correct approach might be challenged (as it is here), but I reject Mr. Ryan's submission that the Office is attempting to apply the old "reasonable care" provisions surreptitiously.
- 40 Mr. Ryan's premise in his approach is very much based on the understanding that the "unintentional" provisions are generally regarded as being a lower hurdle than the old "reasonable care" ones. Indeed, Mr. Ryan at the hearing took exception to the term "hurdle" used by the Office during the examination of these cases:

*"I'm afraid there are no hurdles. There simply aren't any hurdles left any more. If it is a hurdle, it's a statement that 'it wasn't my intention to let it lapse'. That is the only hurdle."*

but trying to establish the correct evidential burden to fulfill the legal requirement ("hurdle" in common parlance) is what the office has to do under these provisions. Again, I cannot accept Mr. Ryan's submission on this point.

41 On careful consideration it is my view that there is not *necessarily* a lower hurdle or evidential burden in all cases under the new provisions of Section 28(3). What the law now requires is evidence of a negative – “*that the failure of the proprietor of the patent ... was unintentional*” – and evidence of a negative state of mind at that. It seems to me that in certain cases this may be a difficult thing on which to provide convincing evidence. I believe the thinking behind the Office’s approach is to assist the proprietor in that evidential burden and seek evidence on the facts and circumstances surrounding the failure to pay the fee on time. It is obviously the Office’s view that this type of evidence will help the comptroller in deciding whether he is satisfied as to the unintentional failure or not.

42 It may well be that in practice more cases will satisfy the “unintentional” test than the old “reasonable care” provisions, but each case can only be decided on its own facts and merits and that can only be decided on the basis of the evidence filed.

43 However, it is my view that the type evidence provided in the Matsushita cases is not sufficient to satisfy the comptroller that the “unintentional” test has been met.

*Explanatory Notes and equivalent Registered Designs Provisions*

44 To further support his case that he has provided sufficient evidence, Mr. Ryan referred me to the explanatory notes to the amendments to Section 28(3) in The Regulatory Reform (Patents) Order 2004 which state:

*“This amendment will mean that an applicant will only have to show that their failure to pay the renewal fee on time was unintentional instead of having to prove that they exercised reasonable care to see that the renewal fee was paid on time”*

45 At the hearing, Mr. Ryan put particular emphasis on the words “show” instead of “prove”, submitting that showing something is less onerous than having to prove it and that his line in providing a clear statement from the proprietor clearly meets that guide and the legal requirement.

46 It seems to me that if those notes are illuminating in any way, it is to draw a distinction between those two particular words . Even if I accept that “show” provides a lesser standard than “prove” (and the presence of the word “only” suggests perhaps I should), this has no bearing on the considerations at issue because those two words are not present in Section 28(3). As to the statement in totality, it seems to do no more than simply draw attention to the change in the provisions to “unintentional” from “reasonable care”, but sheds no light on what constitutes “showing” one as opposed to “proving” the other. As such, I reject the submission that this reference is of any determinative assistance.

47 In his skeleton arguments Mr. Ryan also drew my attention to the Guidance to the changes to the Registered Designs Act by the Regulatory Reform (Registered Designs) Order 2006. In this guidance, paragraph 4.1 states:



*“If the applicant for restoration is able to state on the application form that the failure to pay the renewal fee on time was unintentional, then he is unlikely to be asked to show any evidence to support his case.”*

48 I was aware of this reference, but was unclear as to how that guidance was consistent with the final note on the Design Form 29 (to restore a registered design) which states:

*“You must attach a statement and additional evidence (if any), fully explaining why you did not renew the design in time”*

49 Section 8A(4) of Registered Designs Act as amended by the Regulatory Reform (Registered Designs) Order 2006 and rule 13(1) of the Registered Designs Rules 2006, correspond exactly as to their essential elements to Section 28(3) of the Patents Act and patents rule 41(1). Mr. Ryan submitted that it can be seen there is no such stipulation in the statute as to the requirement in that note. I agree with him. Helpful though it might be to my case, I place no weight in it.

50 As a result of my deliberations on the substantive issues in these patent restoration applications, it has become clear that I should find that the correct interpretation of the Registered Designs provisions should be the same as for patents. The respective law corresponds exactly. As such I can again find no assistance in this line of argument, so reject it.

### **Reasoning – the determination**

#### *The comptroller’s decision making function in section 28(3)*

51 In arriving at my decision, I considered all the background arguments detailed above. The reasons for my determination follow.

52 Mr. Ryan’s central case to my mind overlooks one fundamental point. It in effect takes away the comptroller’s decision making function in this part of the legislation. Clearly he must have one. He is tacitly asked in Section 28(3) to satisfy himself of the unintentional nature of the failure to pay the renewal fee before he is charged to restore the patent.

53 One is either satisfied or one is not. It is a matter of judgment. There may well be degrees of satisfaction – one may only *just* be satisfied – but there is a line to be crossed to reach that state of even minimal satisfaction. The other side of that line would mean one might be *almost* satisfied, but not quite. Where that line is crossed is a matter of judgment.

54 This seems to be supported in rule 41(2) in which it is stated:

*(2) If, upon consideration of the evidence, the comptroller is **not satisfied** that a case for an order under section 28 has been made out.....the comptroller shall refuse the application. [Emphasis added]*

55 When read in conjunction with Section 28(3), the option for the comptroller is clear. He can either be satisfied, or not. If he is satisfied, the law dictates that he must restore. If he is not, the rule says he must not.

56 This was a point on which I sought submissions from Mr. Ryan at the hearing. It was Mr. Ryan's submission that the law makes no provision for degrees of satisfaction. He said:

*"Well, I can't find anything in the statute that says you must look for degrees of satisfaction. There is no degree. You are either satisfied or you are not. But once someone has told you something very formally, that it is unintentional (using the very words of the statute)...how can you not be satisfied?"*

57 Mr. Ryan's contention at the hearing and in his skeleton arguments was that Section 28(3) is not discretionary, neither in the interpretation of the word "satisfied" or in its ultimate effect.

58 At the hearing he said:

*"To satisfy is not a discretion. What you are looking for here to take this meaning of "satisfy" and turn it into something discretionary".*

59 In his skeleton at point D he said:

*"Section 28(3) states that once the comptroller is satisfied that the failure to pay the fee was unintentional ...the comptroller **shall** by order restore the patent"*

and at point E. says:

*"Section 28(3) does not require the comptroller to exercise a discretion".*

60 I obviously agree with Mr. Ryan that once satisfied, the comptroller has no choice but to restore the patent and so there is no discretion available to the comptroller once he is satisfied. However, that is not the same as saying that the comptroller must always be satisfied by what is put before him so long as it is in prescribed evidential form and has no freedom to determine that satisfaction point for himself..

61 It seems to me that actually in essence Mr. Ryan and I agree that there is a line to cross in order to be satisfied – *"You are either satisfied or you are not"* he said. If that is so, then it follows that there must be a judgment to be arrived at as to whether one is satisfied or not. As the law requires the comptroller to be satisfied, then at some point that judgment has to be exercised and exercised by the comptroller, not in his stead.

*Why does Mr. Ryan's approach not satisfy the comptroller?*

62 It seems to me that Mr. Ryan's contention that a simple assertion of the requirement in the law – a bald statement merely replicating that requirement in prescribed evidential format - cannot ever be enough on its own to cross the line to satisfy the comptroller.

- 63 And the reason such a statement doesn't cross that threshold, is that to allow it to do so would in effect take away the decision making role which I have found the law places upon the comptroller. It substitutes the proprietor's subjective assertion of compliance with the law, for what I believe should be a statement of facts or surrounding circumstances which would enable the comptroller himself to arrive at a reasoned, objective determination as to whether he is satisfied or not as to the unintentional nature of the lapse to pay the renewal fee on time.
- 64 There would have been no point in the legislator bestowing an element of judgment upon the comptroller, if it can be usurped by an irrefutable subjective assertion of the requirement in the law by the proprietor, leading inevitably to restoration. It seems to me the logical extension of accepting Mr. Ryan's argument is that one could meet any statutory requirement simply by asserting that requirement. This is clearly an absurd result and one that could not possibly have been intended by the legislator.
- 65 Mr. Ryan points out that there are criminal sanctions for falsifying witness statements etc. and certainly there is no suggestion of that here. It is merely that logically the comptroller cannot satisfy himself in a situation where he has no information on which to come to a view. .
- 66 In Mr. Ryan's submission, this entire approach in keeping with the thinking behind the changes in the provisions takes the burden off the proprietor and indeed the Office. But evidential and administrative expediency in my view cannot be the reason for adopting an approach that entirely hems in the comptroller. He can make no judgment based on its logic and it renders his role in Section 28(3) redundant.

#### Content and weight of evidence

- 67 Clearly I disagree with Mr. Ryan in the fundamental approach to interpretation of what content and weight of evidence is required to satisfy the comptroller. At the hearing Mr. Ryan argued:
- "...the content of the evidence is not for you to decide. The content is governed by the statute. But if you want this placed in a certain form, that's up to you. But you may not command the content of the evidence to change the word 'satisfaction' for 'discretion'."*
- 68 I accept that the comptroller cannot demand what the content of evidence should be. That is for the proprietor to decide upon. But it is entirely the role of the comptroller to decide on the basis of the content of whatever evidence the proprietor chooses to file, whether he is satisfied by its persuasiveness or not.
- 69 The office attempted during the examination of the Matsushita applications to seek further information (in the form of evidence) in order to establish further facts to enable the comptroller to arrive at a decision, but Mr. Ryan chose not to provide this further evidence. Mr. Ryan characterised the Office's endeavours as amounting to an attempt to cross-examine the proprietor, which of course since these proceedings are not adversarial, is not permissible. I think here too Mr. Ryan is placing a somewhat harsh interpretation of the Office's practice (see my

comments at paragraph 39)], but I accept that it is entirely his prerogative as to what and how much evidence he and his clients choose to supply to satisfy the comptroller.

70 However, I find there is equally no obligation on the comptroller to be necessarily satisfied by that evidence.

### **Conclusions**

71 It can be seen that Mr. Ryan has made out a forcibly-argued case on behalf of the proprietor in this application for restoration and I have given them my full consideration. In my view the determination of whether the comptroller is satisfied that the failure to pay the renewal fees on time or within the grace period was unintentional must be based on the facts of each case. The facts are determined from the evidence which supports the application for restoration. That evidence should be sufficient to enable the comptroller to come to that determination himself.

72 It follows from my assessment of the law in the face of the submissions made by the proprietor's representative in this case and for the reasons stated in this decision, I am not satisfied that based, on the evidence placed before me, the failure of the proprietor of this patent to renew it on time or during six month grace period was unintentional.

73 I therefore refuse the application for restoration.

74 Whilst it can be seen that I have not placed any reliance upon the wording of the PLT itself, I note my decision appears consistent with the wording of Article 12(1)(iii).

### **Appeal**

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

**G J Rose'Meyer**

Hearing Officer acting for the Comptroller

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