



PATENTS ACT 1977

APPLICANT Cummins-Allison Corp.

ISSUE Whether to allow a discretionary extension of time to the compliance period of patent application number GB1404625.4

HEARING OFFICER J E Porter

DECISION

Introduction

- 1 Patent application GB1404625.4 entitled "System, method and apparatus for automatically filling a coin cassette" was filed in the name of Cummins-Allison Corp. on 14 March 2014, claiming a priority date of 15 March 2013. The application had a compliance date of 15 September 2017. Following examination, amendment of the claims and several rounds of correspondence, the examiner issued a notification of intention to grant on 15 August 2017, exactly one month before the compliance date.
- 2 On 15 September 2017 (i.e. on the compliance date) Marks and Clerk LLP, acting for the applicants, filed a new patent application GB1714891.7 ("GB17") and requested that it have status as a divisional application of GB1404625.4 ("GB14"). This was filed together with a request for an as-of-right two month extension and a further discretionary extension of the compliance period on GB14.
- 3 On 28 September 2017, the Examiner indicated that he was not inclined to allow the further discretionary extension of time. Therefore GB17 would not meet the requirement for a divisional application to be filed three months before the compliance date of the parent application. On 3 October 2017, the applicant requested a hearing, which took place via video conference on 20 November 2017. The applicant was represented by Mr Richard Davis of Hogarth Chambers, instructed by Marks and Clerk LLP. The examiner Mr Andrew Hole was also present, and I was assisted by Mr Dan Hickery.

The law

- 4 The relevant provision of the Patents Act 1977 in relation to the filing of a divisional application is section 15(9), which states:

Where, after an application for a patent has been filed and before the patent is granted –

(a) a new application is filed by the original applicant or his successor in title in accordance with rules in respect of any part of the matter contained in the earlier application, and

(b) the conditions mentioned in subsection (1) above are satisfied in relation to the new application (without the new application contravening section 76 below),

the new application shall be treated as having, as its date of filing, the date of filing the earlier application.

5 Furthermore, rule 19 of the Patents Rules 2007 (as amended) reads:

(1) For the purposes of section 15(9) a new application may only be filed in accordance with this rule.

(2) A new application may be filed as mentioned in section 15(9) if—

(a) the earlier application has not been terminated or withdrawn; and

(b) the period ending three months before the compliance date of the earlier application has not expired.

(3) A new application must include a statement that it is filed as mentioned in section 15(9).

6 The compliance period is defined in rule 30 and, in the circumstances of the present case, rule 30(2) has the effect that the compliance period is the period of four years and six months beginning immediately after the priority date. The compliance date is then defined in rule 2 as the last day of the compliance period.

7 Rule 108 sets out the requirements for extending prescribed time periods. It reads:

(1) The comptroller may, if he thinks fit, extend or further extend any period of time prescribed by these Rules except a period prescribed by the provisions listed in Parts 1 and 2 of Schedule 4.

(2) The comptroller shall extend, by a period of two months, any period of time prescribed by the provisions listed in Part 2 of Schedule 4 where—

(a) a request is filed on Patents Form 52;

(b) no previous request has been made under this paragraph; and

(c) that request is filed before the end of the period of two months beginning immediately after the date on which the relevant period of time expired.

(3) The comptroller may, if he thinks fit, extend or further extend any period of time prescribed by the rules listed in Part 2 of Schedule 4 where—

(a) a request is filed on Patents Form 52; and

(b) the person making the request has furnished evidence supporting the grounds of the request, except where the comptroller otherwise directs.

(4) Each request under paragraph (2) or (3) for a period of time to be extended must be made on a separate form unless—

(a) each of those requests relate to the same patent or application for a patent; and

(b) the grant of each of those requests would result in the expiry of all the extended periods of time on the same date,

in which case those requests may be combined and made on a single form.

(5) Any extension made under paragraph (1) or (3) shall be made—

(a) after giving the parties such notice; and

(b) subject to such conditions,

as the comptroller may direct, except that a period of time prescribed by the rules listed in Part 3 of Schedule 4 may be extended (or further extended) for a period of two months only.

(6) An extension may be granted under paragraph (1) or (3) notwithstanding the period of time prescribed by the relevant rule has expired.

(7) But no extension may be granted in relation to the periods of time prescribed by the rules listed in Part 3 of Schedule 4 after the end of the period of two months beginning immediately after the period of time as prescribed (or previously extended) has expired.

8 The compliance period as prescribed by rule 30 is listed in Parts 2 and 3 of Schedule 4. Because that period is listed in Part 2, a single 2-month extension to the compliance period is available, as-of-right, under rule 108(2) and one or more discretionary extensions are available under rule 108(3). Because that period is listed in Part 3, any such discretionary extensions must be for 2 months only – in accordance with rule 108(5).

The facts

9 Initial search and examination of application GB14 was combined. The first examination report, dated 11 September 2014, included an objection to plurality of invention, identifying two separate inventions not forming a single inventive concept. It also provided a reminder that any divisional application should normally be filed no later than 3 months before the expiry of the period for putting the present application in order. The report also warned that no automatic reminder would be issued regarding the filing of divisional applications.

10 The applicant's response to the first examination report was received on 16 March 2015. Amongst other amendments, the claims defining the second invention were deleted and – in his covering letter – the patent attorney handling the case at that time, Mr Richard Maury, stated that the applicant “reserves the right to protect cancelled subject-matter in one or more divisional applications”.

11 On 1 October 2016 the Office adopted a new practice of issuing a notification of intention to grant in relation to all patent applications which meet the requirements for grant of a patent. On 1 September 2016, the Office published guidance in relation to this new procedure, which stated:

“The letter will provide applicants with a clear picture of the time left to take any other action they wish before grant. In particular, there will be a clear timeframe within which to file any divisional patent application....

The introduction of these notifications will end the practice of “foreshadowing” divisional applications... Instead, from 1 October, applicants will be guaranteed a period to file such applications. They will know that the main application has met all the requirements for grant, but will have time before its actual grant...

The requirement that divisional applications must be filed at least three months before the compliance date will be retained.”

- 12 Meanwhile, subsequent examination reports dated 2 November 2016 and 24 April 2017 raised further substantive issues on the present case. The applicant's responses, dated 1 March 2017 and 2 June 2017 respectively, included amended claims to attempt to address the examiner's objections. In his letter accompanying the 2 June 2017 amendments, patent attorney Mr David Grant (having taken over the case from Mr Maury) included a submission that "all outstanding objections are overcome and the application is in order for allowance".
- 13 On 12 July 2017, the examiner telephoned Mr Grant to inform him that, while the latest amendments had overcome the previous objections and were acceptable, he was unable to issue an intention to grant letter since the preamble of the description was inconsistent with the claimed invention. In response, on 25 July 2017, the attorney filed replacement pages together with a covering letter again submitting that "the application is now in order for allowance".
- 14 Consequently, on 15 August 2017, the examiner issued notification of intention to grant reporting that the application complied with the requirements of the Act and would be forwarded for grant shortly after 15 September 2017. The letter outlined that any amendments to the application had to be made by 15 September 2017. A reference to filing divisional applications was removed from the main body of the standard letter but, under the heading "Online e-filing", a reference remained to filing "amendments or a divisional application" using the Office's online filing services.
- 15 As noted earlier, on 15 September 2017 (the compliance date), new application GB17 was filed requesting divisional status from GB14. This filing was accompanied by a request for an as-of-right two month extension of the compliance period on GB14 under rule 108(2), and a further discretionary extension under rule 108(3).
- 16 In relation to the discretionary extension of time, a one month extension was sought in order to provide the minimum time period for filing a divisional application and thus meet the requirements of rule 19(2)(b). However, as noted above, the discretionary extension that is available under rule 108(3) and (5) is for two months only. Nothing turns on this in the present case – the compliance period would simply be extended in total by four months rather than the three months requested.

Arguments and analysis

- 17 Where, under rule 108(1), an extension of time is being sought to the time period for filing a divisional application, paragraph 15.21 of the *Manual of Patent Practice* provides guidance as to when discretion may be exercised favourably. It says that:

"discretion will normally be exercised only if the applicant shows that the circumstances are exceptional and that he has been properly diligent (*Penwalt Corporation's Application* (BL O/72/82); *International Barrier Corporations's Application*; *Kokusai Denshin Denwa's Application* (BL O/9/83); *Luk Lamellan und Kupplungsbau GmbH's Application* [1997] RPC 104."
- 18 This specific and long-standing approach to consideration of late-filed divisional applications has some judicial approval – in particular in the cited *Luk Lamellan* case where the court did "not believe that it is possible to criticise the Hearing Officer's exercise of his discretion", based as it was on the test set out above.

- 19 In the present case, the route being sought is discretionary extension of the compliance period, in order to allow time for the divisional application to have been properly filed. In this respect, paragraph 15.21 of the *Manual* says this:
- “The comptroller also has discretion to extend the compliance period of a parent application under rule 108(3) to allow a divisional application to be filed within the period prescribed by rule 19. This discretion will normally be exercised only if the applicant shows that the circumstances are exceptional and that they have been properly diligent (see *Fergusson’s Application*, BL O/272/09 and *Knauf Insulation’s Application* BL O/098/13).”
- 20 In his skeleton argument and at the hearing, counsel agreed that this is “established law”. However, counsel suggested that these are not the only circumstances in which a discretionary extension may be granted. They are, he suggested, just one of a non-exhaustive list of applicable circumstances in which discretion may be exercised favourably. He pointed to the above wording from paragraph 15.21 of the *Manual* in support of this, submitting that it makes clear that there are, or at least might be, other circumstances in which discretion can be exercised favourably.
- 21 I accept counsel’s submission on this point. Whilst it may well be the case that extensions of time will “normally” only be granted in the circumstances where the specified test is met, it is not appropriate to say that they will never be granted in any other circumstances nor, in fact, that they will always be granted when the specified test is met. To approach the exercise of discretion in that overly-rigid way would lead to an inappropriate fettering of the discretionary power set out in the legislation.
- 22 Counsel argued that, on this basis, discretion should be exercised favourably in light of apparent confusion over the “intention to grant” procedure, and the fact that GB17 was filed within a period which was understood to have been set in the notification of intention to grant issued on 15 August 2017.
- 23 The material presented to the examiner prior to the hearing largely focused on arguments concerning the intention to grant procedure. However, on 16 November 2017, evidence was provided shedding more light on the previous circumstances and handling of this case – in the form of a witness statement from the patent attorney Mr David Grant accompanied by a number of exhibits. On the basis of this evidence and arguments put before me at the hearing, I shall consider first whether the circumstances are exceptional and the applicant has been properly diligent.

Exceptional circumstances

- 24 Initially, in his letter dated 15 September 2017, Mr Grant argued that the timing of the notification of intention to grant with respect to the end of the compliance period led to exceptional circumstances arising. However, counsel’s skeleton argument and the evidence presented took a different approach and set out the earlier circumstances that led the applicant not to file GB17 within the statutory deadline.
- 25 Following the initial examination report, Mr Maury at Marks and Clerk LLP wrote on 18 September 2014 to Nixon Peabody LLP, the US attorney firm acting for the applicant, informing them (*inter alia*) that the examiner considered the claims to relate to two separate inventions and that any divisional application must be filed before the present application was granted and in any case not later than 4 years and 3 months from the earliest priority date of the application.

- 26 On 5 March 2015, US attorney Mr William Pegg of Nixon Peabody LLP replied to say that “we will hold off (for now) on the payment of the additional search until such time as the client decides to pursue a divisional application on claims 55-70”. Counsel indicated that it was the understanding of Marks and Clerk that the applicant intended to postpone any decision to file a divisional application until it had a better idea of its potential patentability. The evidence shows that Mr Maury made a handwritten note on the paper file indicating the possibility of a divisional application in relation to claims 55-70.
- 27 On 28 October 2016, Marks and Clerk were informed that the applicant’s current US attorney, Mr Paul Kitch, had moved from Nixon Peabody LLP to another firm, and so the case was being transferred to that new firm. In November 2016, Mr Grant took over responsibility for handling UK prosecution of the application due to the retirement of Mr Maury from Marks and Clerk LLP.
- 28 By that time, Marks and Clerk had switched to an electronic case file system. Mr Grant was working from that system, and so he did not see Mr Maury’s handwritten note on the paper file regarding the possible divisional application. It seems that no equivalent indication of a possible divisional application had been made on the electronic file.
- 29 On 15 June 2017, Mr Grant received a reminder from his firm’s electronic diary system asking whether or not a divisional application was to be filed on GB14. At the hearing it was explained that it is at the discretion of the attorney to decide whether the applicant needs to be informed of the divisional filing deadline for each particular case. Based on Mr Grant’s understanding and the correspondence on the electronic file, he concluded that the applicant did not desire to file a divisional application and he asked for the reminder to be removed from the system.
- 30 In his witness statement, Mr Grant explains that it was on a more recent review of the case that he noted the earlier correspondence of 18 September 2014 and 5 March 2015 between Mr Maury and the US attorney concerning the possibility of filing a divisional application. The evidence shows that, following receipt of the notification of intention to grant, Mr Grant asked his secretary to prepare a reporting email to the US attorney based upon a template. The email was sent on 21 August 2017, indicating that the application had been approved for grant, and stating Mr Grant’s view that the Office’s notification of intention to grant “sets a time limit of 15 September 2017 for filing voluntary amendments or any divisional applications”.
- 31 On 12 September 2017, the US attorney sent instructions to file a divisional application in relation to claims 55-70 of GB14. The US attorney indicated their understanding that the divisional application had to be filed by 15 September 2017.
- 32 It is counsel’s submission that the changeover in US attorneys, the changeover in attorneys within Marks and Clerk, the move from paper to electronic files within Marks and Clerk leading to the loss of the paper note regarding a potential divisional application, and the subsequent decision by Mr Grant to clear the reminder from their system, constitute an exceptional course of events, and that it would be unfair to prejudice the applicant as a result of these exceptional events.

33 While acknowledging that the facts of each case differed considerably, counsel pointed me to previous decisions of the comptroller in *Wonderland Nurserygoods Co* BL O/435/11 and *Ferguson's Application* BL O/272/09 as shedding (to differing extents) some light on the meaning of "exceptional circumstances". Whilst I do not find the different situations which occurred in these cases to be of particular assistance, I do not have any difficulty in accepting that the circumstances of the present case are exceptional in nature. Most notably, the retirement of the original UK patent attorney handling the case and the failure to transfer his handwritten note onto the electronic case-file are clearly in my view exceptional events which, had they not occurred, would have been likely to mean that the proper reminder generated by Marks and Clerk's system would have prompted the necessary consideration of a divisional application at the right time.

Proper diligence

- 34 In his letter of 15 September 2017, Mr Grant argued that the applicant had been properly diligent by making genuine and concerted efforts throughout prosecution to address the examiner's objections in such a way as to expedite grant whilst securing a commercially valuable scope of protection.
- 35 Counsel reiterated these points at the hearing and emphasized the diligence of the applicant who had "entrusted the prosecution of their applications to a reputable firm of patent attorneys" yet were not reminded of the divisional deadline. He also argued that the applicant was diligent in waiting for the search to be completed before progressing with any decision on a divisional application. Although counsel focused on the applicant's diligence, he did submit that the attorneys had acted in a diligent way when prosecuting the application – responding in reasonable timescales and engaging with the examiner's objections in a reasonable way.
- 36 It seems correct to me that I should consider the actions of the attorneys together with the applicant. This is consistent with previous decisions of the comptroller including *Wonderland Nurserygoods* and *Ferguson's Application* mentioned above.
- 37 In terms of the applicant themselves and the US attorneys, I have no reason from the prosecution of the case or the evidence provided to conclude that they have been anything other than properly diligent. The applicant and the US attorneys appear to have responded to correspondence from the UK attorneys in a timely manner, including when it came to filing the divisional application. It was reasonable to defer consideration of a divisional application in March 2015 and, when told by the UK attorney that the divisional deadline was 15 September 2017, the US attorneys acted diligently in providing clear instructions to file GB17 in advance of that deadline. Based on the evidence before me, I can discern no lack of diligence on the part of the applicant or US attorney which led to the late filing of GB17.
- 38 Turning to the UK attorneys, it is clear on the evidence provided that Mr Grant did not contact the US attorneys when his firm's system generated the reminder for filing divisional applications. However, I accept counsel's point that an attorney may have discretion over whether to contact the client (or instructing attorneys), or whether to make a decision based on the information that they already hold, and without going back to seek specific instructions. I do not think this shows a lack of diligence.

- 39 It is unfortunate that the UK attorney firm – upon converting the paper files to an electronic system – did not incorporate into the new system in some way Mr Maury's note about a potential divisional filing. It seems clear that it was the absence of this information which led Mr Grant to dismiss the reminder that had been generated. Had that note been incorporated in some way from the paper file into the electronic system, I accept on the balance of probabilities that it would have prompted Mr Grant to contact the US attorneys at the right time and seek further instructions on a divisional filing. It also seem likely that – had a change in attorneys not taken place – the consequences of this error may in any event have been avoided through the personal knowledge of the previous attorneys.
- 40 Thus an administrative error occurred which may not have led to a failing in more usual circumstances. This error should be weighed against the diligence shown generally by the applicant and US and UK attorneys in the way that the case was progressed, in the divisional reminder properly put into the UK attorney's system for the right date, and in the timely response from the applicant and US attorney when prompted by the UK attorney's interpretation of the notification of intention to grant.
- 41 On balance I agree that those involved acted diligently overall. Given that, and my finding that the circumstances are exceptional, it seems right to me that discretion in the present case is exercised in the applicant's favour.

The notification of intention to grant

- 42 As I have noted, counsel ran a separate argument to the effect that discretion should be exercised favourably in light of a purported deadline set by the notification of intention to grant on 15 August 2017, and the fact that GB17 was filed to meet the deadline which was understood to have been set. In light of my findings on the "exceptional circumstances and properly diligent" test, it is not necessary for me to consider these arguments.

Conclusion

- 43 I conclude that the circumstances surrounding the prosecution of GB14 and the late filing of GB17 were exceptional, and that the applicant and those acting for them acted with proper diligence. Therefore a discretionary extension of the compliance period for GB14 is granted such that its compliance date is 15 January 2018.
- 44 New application GB17 is considered to be filed at least three months before expiry of this compliance period and thus may be afforded divisional status. GB17 itself has an unextended compliance date of 15 January 2018.

Deputy Director, acting for the Comptroller