

**IN THE HIGH COURT OF NEW ZEALAND  
WELLINGTON REGISTRY**

**AP 122/00**

01/401

**IN THE MATTER OF** the Patents Act 1953

AND

**IN THE MATTER OF** an appeal from the decision of the Assistant Commissioner of Patents in respect of an application for restoration of Patent Application no. 299094/299387 in the name of ASHMONT HOLDINGS LIMITED and an opposition thereto by FORT **DODGE NEW ZEALAND LIMITED**

**BETWEEN** **FORT DODGE NEW ZEALAND LIMITED**

Appellant

**AND** **ASHMONT HOLDINGS LIMITED**

Respondent

Hearing: 21 March 2001

Counsel: C L Elliott and C Warburton for the Appellant  
P C Dengnte Thrush and K Elcoat for the Respondent

Judgment: 22 March 2001

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**JUDGMENT OF WILD J**

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Introduction

[1] This is an appeal against a decision of the Assistant Commissioner of Patents given on 25 May 2000 restoring, pursuant to s 37(1) Patents Act 1953, a patent application in the name of the respondent (“Ashmont”). The appellant (“Ford Dodge”) opposed restoration.

[2] Although five grounds were set out in the notice of appeal of 23 June, the nub of the appeal is that the Assistant Commissioner did not have **sufficient** evidence to be satisfied as to the requirements of s 37(1) and was wrong to restore the application.

### **Background**

[3] Ashmont filed its patent application on 25 July 1997. An examination report, issued on 20 September, raised objections under ss 2 and 10(4) and fixed 13 December 1998 as the expiry date of the period prescribed by s 19(1) for Ashmont to put in order its case for acceptance of its patent application. When no response was received from Ashmont the Intellectual Property Office advised Ashmont, on 22 March 1999, that the case had been marked off as void because it had not been put in by 13 December 1998 i.e. the patent application had lapsed.

[4] On 23 March 1999 Ashmont applied under s 37 for restoration of its application, lodging also a response to the 20 September 1997 examination report. By letter on 13 April 1999 the Commissioner advised Ashmont that he was satisfied that a prima facie case had been made out. The restoration application was advertised in the Patent Office Journal on 28 May 1999. Fort Dodge filed a notice of opposition to the application, along with a statement of its case as to why it should not be granted. Ashmont filed a counter-statement on 22 September 1999.

[5] The hearing before the Assistant Commissioner was on 13 April 2000 and, as I have mentioned, his decision followed on 26 May.

### **The decision under appeal**

[6] The scheme of the Assistant Commissioner's decision is to set out briefly the history of the case, note that Fort Dodge filed no evidence, summarise Ashmont's evidence, set out the terms of s 37 and to pose the two questions he needed to answer:

[a] Was any omission on the part of Ashmont unintentional?

[b] Had Ashmont unduly delayed in applying for restoration?

[7] There was no issue as to the second question, so the Commissioner then turned to deal with the opposing submissions on the first issue and to decide it.

### The evidence

[8] The evidence for Ashmont came from Mr Piper of the firm Pipers, its Patent Attorneys, and from Ashmont's managing director, Mr Harvey. The Assistant Commissioner summarised Mr Piper's explanation as to why his **office** had failed to respond to the examination report by due date thus:

- “1. For some reason, which Mr Piper cannot explain, his firm's usual practice of entering the “Due for Acceptance Date” (DFA) on the computer system was omitted in this case. Thus the file number did not appear on the regularly printed list of DFA dates and was therefore not picked up as being almost “due for acceptance”.
2. His usual practice is to staple an examination report, when it is received, to the outside cover of the appropriate file, rather than placing it in the file itself. The file is then “kept in an active pile of files to be actioned, rather than put away in the record system”. At the relevant period (1998 and early 1999) Mr Piper's firm was preparing to move their Takapuna **Office** and, because of lack of space, files were kept in piles on shelves and the floor. According to Mr Piper the examination report must have become detached from the file cover during this period – inspection of the file shows a staple mark with a tear “as if the report or the staple had come loose”. The examination report was eventually found misplaced in another file belonging to a different client – again the reason for the misfiling cannot be explained by Mr Piper.

Mr Piper states that on 22 March 1999 (some 9 days **after** the extended period allowed by section 19(2) for putting a case in order for acceptance), during a review of files, he noted that the “status code” allocated to the application was “quite strange” – it indicated that the case had not been examined. He immediately rang the examiner who informed him in due course that the application had become void. This was confirmed in the letter of the same date.”

[9] The relevant part of Mr Harvey's evidence is set out in the Assistant Commissioner's decision thus:

- “7. I was shocked and astounded to learn NZ299094/299387 had lapsed. My surprise was exacerbated as my company has standing instructions with Pipers that none of our applications should be allowed to lapsed [sic] through failure to obtain instruction but should be kept alive unless explicit instructions are received to allow it to lapse.
8. At no time did my company provide instructions for this patent to lapse.
9. It has always been my intention to rely on this patent for protection of a very valuable invention.
10. There was no undue delay in applying for the application for restoration.
11. There was no intention to allow this application to lapse.”

#### Section 37

[10] Section 37(1) provides that an applicant for a patent who has not complied with all the requirements imposed by the Patents Act within the period prescribed by s 19, or within any extended period granted by the Commissioner, and whose application has accordingly become void, may apply to the Commissioner for an order restoring the application and extending the period for complying with the requirement of the Act. The parts of the section relevant to this appeal are:

“(2) Every such application shall contain a statement of the circumstances which led to the failure of the applicant to comply with the requirements imposed on him by or under this Act.

(3) If it appears from that statement that any omission on the part of the applicant was unintentional and that no undue delay has occurred in the making of the application, the Commissioner shall advertise the application and within such period as may be prescribed any person may give notice of opposition at the Patent Office.”

Was Ashmont's omission to file its case unintentional?

[11] The critical parts of the Assistant Commissioner's decision are:

“I have outlined above the two factors which I understand led to the application becoming void. At the hearing Mr Jackson submitted that because the applicant has not detailed all the steps taken in relation to its application, there may be further omissions which have not been identified by the applicant and which could have been relevant to the application becoming void. This may be so, but I do not agree with Mr Jackson’s contention that I cannot determine the issues of omission, and the relevance of the omission(s), on the evidence available. Section 37(3), as I understand it, requires me to be satisfied that any relevant omission was unintentional. I do not, as I see it, need to be led through a detailed description of every step taken by the applicant in prosecuting his application (although no doubt such a description would be useful, and may well be necessary in a marginal case). It is, I think, sufficient to show, as Mr Piper has done, that there were ‘omissions’ leading to the voiding and that the omissions were unintentional; there may have been others in addition, but those identified seem quite sufficient to cause the section 19 date to be missed! (p 5)

...

Whatever the quality of the evidence, or the decision reached in relation to the late entry of the PCT application, I agree with Mr Dengate Thrush that it has little, if any, relevance to the present case. The evidence in the present case is quite sufficient, in my view, to establish that there were at least two ‘omissions’ on the part of the applicant (or, in this case, its patent attorney) which were unintentional and led to the application becoming void. (p 7)”

[12] Mr Elliott submitted that the “fatal” omission by Ashmont was that of its Patent Attorneys, Pipers, to “bring up” on their computer system the expiry date of the s 19 period. He then contended that s 37 obliged Ashmont to place before the Commissioner a carefully and completely detailed description of all the events relating to or causative of that omission. He argued also that that description needed to come from the people actually involved, for example the filing or mail clerk in Pipers whose responsibility it was to enter the s 19 expiry date onto the firm’s computer system. Mr Elliott’s submission was that it was inadequate for Mr Piper himself to depose about such matters, as he clearly was not directly involved in them.

[13] Then Mr Elliott argued that, even if such a detailed explanation was not universally required in support of a s 37 application (and Mr Elliott was reluctant to

accept that), it certainly was in a marginal or doubtful case, and he sought to persuade me that this was such a case.

[14] Two aspects which Mr Elliott suggested moved this case to the margin were:

- [a] The lack of any evidence that Ashmont had prosecuted its patent application up to the point that it was voided, and
- [b] The existence of a second, identical (PCT) patent application, giving rise to the distinct possibility that Ashmont had intended to pursue that other application, and had intended to allow the New Zealand application with which I am primarily concerned to lapse.

I will revert to the second of those points.

[15] Expanding his argument, Mr Elliott then listed a number of critical factors which he submitted were missing from Ashmont's evidence:

- [a] There was no evidence that Pipers had kept Ashmont informed about the progress of the New Zealand application, which would be normal.
- [b] Mr Piper had initially deposed that the status code of Ashmont's patent application (i.e. the s 19 expiry period) had been **left** blank in its computer system so it did not come up on the firm's computer reminder system, but did not say what that code was.
- [c] If some form of "bring up" code had been entered on Piper's computer, Mr Piper did not explain whether it had been ignored and if so why.
- [d] When Mr Piper reviewed Ashmont's PCT patent application he omitted to review also its New Zealand application: had he done so he would have discovered that something was amiss.

[e] Mr Piper’s evidence did not make it clear what the “strange” status code on the computer was. It may have been a code consistent with an instruction from Ashmont to allow that application to lapse. The precise nature of the status code was a critical aspect of the evidence which Ashmont ought to have placed before the Commissioner.

[f] There was no evidence from Pipers’ filing or mail clerk as to why the correct status code had not been entered: the reason may have been an intention on Ashmont’s part to allow that application to lapse.

Some of these points overlap.

[16] I accept that s 39 imposed an onus on Ashmont of explaining the circumstances in which its patent application had lapsed, and of persuading the Commissioner that the lapse was unintentional, But I consider Mr Elliott has, in his submissions, pitched that onus at an altogether too high and unnecessarily refined and detailed level. Mr Elliott supported this submission with reliance on the patent amendment cases, for instance *Smith Kline & French Laboratories Ltd v Evans Medical Ltd* [1989] 1 FSR 56 1 where, at 566 Aldous J said:

“A patentee seeking amendment bears the onus of establishing that the amendment is allowable and can only discharge that onus if he provides evidence to prove his case and, in doing so, places the whole story before the Court. This must be right . . .”

[17] However, I agree with Mr Dengate Thrush’s point that the onus in amendment cases is considerably more rigorous. That is because covetous claiming by a patentee (i.e. a claim of undue width knowingly and deliberately made by a patentee) and obtaining an unfair advantage while using the unamended patent are contrary to the public interest. I accept also Mr Dengate Thrush’s point that Mr Elliott’s submissions are apt to confuse the obligations under s 37 with those resting upon an applicant under § 93A Patents Act. That provision, which empowers the Commissioner to extend the time for filing a patent application in the first place, imports obligations upon the applicant “to act with due diligence and prudence” in relevant respects.

[18] I also accept Mr Dengate Thrush's counter submission that if, in opposing the restoration application, Fort Dodge had some evidence that Ashmont had intentionally allowed its patent application to lapse, then it needed to advance it. I do not accept that s 37 imposed on Ashmont an obligation to explain in minute detail what had happened, and somehow to counter every suspicion and conjecture that Fort Dodge might raise.

[19] There is support for Mr Dengate Thrush's argument in this Court's judgment in *Bristol-Myers Co. v Beecham Group Ltd* 23.6.8 1 HC Wellington M440 and 562/79. There, in dealing generally with the evidential burden in patent matters, Barker J drew an analogy with the criminal law, which requires an evidential foundation before a Judge puts to a jury the defences of provocation and self-defence in a murder trial. Relating that to this case, I consider that, in the absence of any evidence that the lapse was other than unintentional, the Assistant Commissioner was entitled to accept Mr Piper's explanation as to what had happened. There was nothing implausible about it: it was but an account of events which could easily happen in a busy Patent Attorney's office handling numerous patent applications, and relying on its computer system for prompts about expiry dates and other deadlines.

[20] Mr Dengate Thrush submitted, and I agree, that the only circumstance giving the slightest credence to the lapse being intentional was the existence of Ashmont's other (PTC) patent application. The Assistant Commissioner accepted, as do I, that Ashmont's evidence about that PTC application conflicted. Mr Robinson, Pipers' practice manager, deposed that Ashmont was going ahead with it; Mr Harvey said Ashmont was proceeding with its New Zealand application. But there was no conflict between Ashmont's three witnesses about the New Zealand application. All said unequivocally that the New Zealand application was proceeding, and that there was never any intention that it lapse. Given that both applications could proceed well beyond the stage they had reached at any time relevant to this case, I share the Assistant Commissioner's view that the status of the PTC application was irrelevant to Ashmont's application for restoration of its New Zealand application. It follows that the conflict of evidence about that goes nowhere.



[21] To summarise, I agree with the Commissioner that Mr Piper's evidence as to what had happened was adequate to meet the situation. In short, Mr Piper was unable to explain why the s 19 expiry date had not been entered on the firm's computer in accordance with its usual practice and he then explained how, in the course of reviewing files, he was alerted by the unusual status code which was in the computer. Once alerted, he acted immediately to retrieve the position.

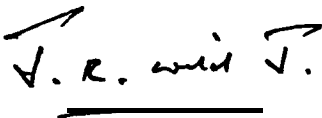
#### Result

[22] I am unable to fault the Assistant Commissioner's decision. In particular, I consider that the evidence he had adequately supported his decision, and that he did not misjudge the evidentiary burden resting upon Ashmont in applying under s 37 for restoration of its patent application.

[23] The appeal is accordingly dismissed

#### Costs

[24] Ashmont is entitled to its costs against Fort Dodge. These will be in accordance with the Second Schedule items 14 to 17, time band B with the hearing lasting half a day.

  
J. R. Wood J.

Signed at 9<sup>30</sup> am on 22 March 2001

Solicitors

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Woodroffe Law Partnership, Auckland for the Respondent