



PATENTS ACT 1977

APPLICANT	Genentech Inc
ISSUE	The Patents Act 1977: Whether an offer under section 29 to surrender granted patent EP(UK) 1 187 632 B1 can be accepted?
HEARING OFFICER	Dr L Cullen

DECISION

Background

- 1 Genentech Inc, the proprietors of Patent Number EP(UK) 1 187 632 B1, entitled "*Treatment with Anti-ErbB2 Antibodies*", granted on 3 December 2008, gave notice to the Comptroller-General of Patents, Designs & Trade Marks (hereafter 'the Comptroller') on 16 January 2014 of an offer to surrender this patent under Section 29 of the Patents Act 1977 (hereafter "the Act") via their agent, Mewburn Ellis. I note that there is no equivalent GB patent for EP(UK) 1 187 632 B1 (hereafter referred to as the '632 patent).
- 2 This letter also included particulars of a revocation action concerning the '632 patent that was pending before the UK courts. At this time, the patent was the subject of revocation proceedings under Section 72 of the Act along with two other Genentech patents – EP(UK) 1 308 455 B1 (the '455 patent) and EP(UK) 1 210 115 B1 (the '115 patent).
- 3 The revocation proceedings concerning these three patents was launched on 13 September 2012 in the UK High Court (see High Court Reference number HC12 C03487) and they were notified to the Comptroller by Taylor Wessing LLP, the agent acting on behalf of the claimant, Hospira UK Limited (hereafter "Hospira"), on 4 October 2014. The claimant is seeking a declaration that the '632 patent and the two other related patents mentioned above are invalid and an order that each of these patents be revoked.
- 4 The offer to surrender given by the patent holder, Genentech Inc., via their agent, Mewburn Ellis, on 16 January 2014 only relates to the '632 patent. The other patents at issue in the revocation proceedings were not included in this offer.

- 5 The agent for Genentech wrote again on 21 January 2014 to inform the Comptroller that the '632 patent was also the subject of revocation proceedings before the European Patent Office (EPO). The Opposition Division of the EPO decided in oral proceedings on 25 October 2011 that this patent should be revoked. The defendant (i.e., the patent holder, Genentech) has appealed this decision and revocation of the '632 patent has been stayed while the case awaits consideration before the EPO Boards of Appeal. The agent indicated that the statement of grounds for this appeal were filed at the EPO in February 2012 and, at the current rate of work, they have estimated that the case will not be heard until sometime in 2016. Thus, while the appeal is in progress, this patent remains in force in the UK.
- 6 The offer to surrender was referred to me for consideration [as described in the Intellectual Property Office's (hereafter the 'Office') Manual of Patent Practice (see sections 29.01 to 29.07)]. An offer to surrender a patent under Section 29 of the Act must be advertised as laid down in Rule 75 of the Patents Rules 2007, as amended (hereafter "the Rules"). The offer is advertised in the Patents and Designs Journal and a period of 4 weeks is allowed for any opposition to the offer to surrender to be received. A decision regarding the offer to surrender can only be made after this opposition period has been completed.
- 7 The Office sent a letter to the patent holder (copied to the claimant) on 5 March 2014 advising them that the decision on the offer to surrender could not be made until after this offer has been advertised and the opposition period had been completed. In addition, this letter also brought to the attention of the patent holder the decision of the Comptroller reported as *Dyson Ltd's Patents [2003] RPC 48* [see *IPO decision BL O/475/02*] which describes a number of factors which were helpful in determining whether an offer to surrender could be accepted while revocation proceedings were in suite in the UK courts. This letter also noted that the Comptroller was aware that the patent holder had informed the claimant in the revocation action, Hospira, as well as the Patents Court itself, of their offer to surrender. Some additional information was thus requested from the patent holder; specifically, the details of any response received from the claimants and/or from the court and any steps taken to obtain a response; or in the absence of a response, confirmation that a response was still outstanding. A period of 2 months was set for response to this letter (i.e., 5 May 2014) to allow time for completion of the opposition period.
- 8 Consequently, the offer to surrender the '632 patent was advertised in the Patents & Designs Journal (#6515) on 2 April 2014. No notice of opposition was received within the four week period prescribed under rule 76(2)(b) of the Rules which expired on 30 April 2014.
- 9 Mewburn Ellis responded on behalf of the patent holder on 23 April 2014, enclosing a copy of a judgment issued in the Patents Court following a pre-trial review of the revocation action before Birss J on 30 January 2014¹. The agent referred, in particular, to two paragraphs in this judgment which discuss the surrender of the patent. Paragraphs 2 and 18 of the judgment read as follows (my emphasis added):

"2. *The first issue I have to decide relates to a declaration of non-infringement. There were three patents in suit (EP(UK) 1 210 115, EP(UK)1 308 455 and*

¹ Hospira UK Limited v Genentech Inc. [2014] EWHC 208 (Ch)

EP(UK) 1 187 632) but the '632 patent is to be surrendered, leaving two to be considered at trial."

"18. I now have to decide two questions arising from the patent which Genentech have surrendered. That is EP (UK) 1 187 632. The situation is that this action began with all three patents. However relatively recently Genentech applied to the UK IPO and surrendered the '632 patent. Therefore there is no patent and no reason to continue the action in relation to that patent."

I also take note of paragraph 19 of this judgement which states:

"19. It is agreed that Genentech should pay Hospira's costs in relation to that patent [i.e. the '632 patent] and it is also agreed that if an appropriate sum could be determined for a payment on account of Hospira's costs, then such an order should be made.

- 10 In this letter, the agent also went on to explain that the claimant in the revocation proceedings, Hospira, and the Court had proceeded on the basis that the claim for revocation in relation to the '632 patent would not be pursued in light of the offer to surrender. They also indicated that, following the judgement from Birss J in this matter, the claimant did not pursue their claim for revocation of the '632 patent. This is clear from the final judgment issued in relation to the revocation action on 10 April 2014 by Birss J, see *Hospira UK Limited v Genentech Inc. [2014] EWHC 1094 (Pat)*, which makes no mention of the '632 patent but discusses the '115 and '455 patents in detail and concludes that they are invalid. This judgment was handed down (on 10 April 2014) before the opposition period for the offer to surrender the '632 patent had expired (on 30 April 2014).

Issue to be decided

- 11 The issue to be decided is whether or not the Comptroller can accept the offer to surrender made by the patent holder on 16 January 2014. If so, the relevant arrangements can be made to update the Patent Register with the effective date of surrender. If not, the offer to surrender will have to be stayed pending resolution of the relevant revocation proceedings before the UK Courts at the time that the offer to surrender was made^{2,3}.

² In this regard, it is noted that the revocation proceedings concerning the '155 and '455 patents and which originally also concerned the '632 patent were actually concluded on 10 April 2014 with the issue of the judgement of Birss J discussed in paragraph 10 above. As explained, a decision on the offer to surrender cannot be made until after expiry of the period for filing of any opposition on 30 April 2014.

³ It is not necessary to stay the offer to surrender until resolution of the appeal concerning the revocation of the '632 patent before the EPO Boards of Appeal. The offer to surrender concerns the form of this patent that is valid in the UK. If the appeal at the EPO finds that the patent should not be revoked, then the offer to surrender remains a valid one; if the appeal at the EPO finds that the patent should be revoked, then the EP(UK) will be deemed never to have existed and the revocation action and the offer of surrender in relation to the form of this patent valid in the UK from which both arise will not be necessary.

The Relevant Law & Case Law

12 Section 29 of the Act, entitled 'Surrender of patents', reads as follows:

(1) The proprietor of a patent may at any time by notice given to the comptroller offer to surrender his patent.

(2) A person may give notice to the comptroller of his opposition to the surrender of a patent under this section, and if he does so the comptroller shall notify the proprietor of the patent and determine the question.

(3) If the comptroller is satisfied that the patent may properly be surrendered, he may accept the offer and, as from the date when notice of his acceptance is published in the journal, the patent shall cease to have effect, but no action for infringement shall lie in respect of any act done before that date and no right to compensation shall accrue for any use of the patented invention before that date for the services of the Crown.

13 Rule 42 of the Rules, entitled "Surrender" reads as follows (my emphasis added):

The notice of an offer by a proprietor to surrender a patent must be in writing and include—

(a) a declaration that no action is pending before the court for infringement or revocation of the patent; or

(b) where such an action is pending, the particulars of the action.

14 Rule 75 of the Rules, entitled "Publication of notices" reads as follows (my emphasis added):

"The comptroller must advertise in the journal any event to which it is possible to object under any of the provisions mentioned in Part 2 or 3 of Schedule 3, subject to rule 105(5)."

The relevant event referred to in Part 2 of Schedule 3 reads:

"OPPOSITIONS WHICH START PROCEEDINGS

Patents Act 1977

.....

section 29(2) (opposition to surrender of patent)

....."

15 Precedents in this area of the law are sparse, but I note that, where proceedings for revocation are already in progress before the Comptroller when an offer to surrender is made, it is his practice first to determine the revocation action and then consider the offer for surrender. This is referred to in the Office's Manual of Patent Practice at para 29.06.

- 16 In *Connaught Laboratories Inc's Patent [1999] FSR 284* (hereafter *Connaught*), Laddie J revoked a patent where, one day before the trial of the petition to revoke, the respondent gave notice to the petitioner of its intention to surrender the patent. In assessing the impact of this section of the Act, Laddie J said at page 288:

"An order for revocation may have a different effect to an acceptance of surrender, for example in relation to the royalty provisions in third party licenses."

- 17 Laddie J then said:

"It is open to me therefore to order revocation of the patent if, having regard to what is pleaded and the material which I have seen, that is the appropriate course. Alternatively, I can allow the offer to surrender to be further processed through the Comptroller. The latter course will involve advertisement, the possible involvement of third parties, delay and additional expense."

- 18 I do not think this takes away the comptroller's powers of decision under section 29 where a revocation action is before the court. It does however suggest that, where the court is aware of an offer to surrender, it will consider in all the circumstances of the case whether it is preferable to go ahead with the revocation action or to leave the offer of surrender to take its course before the comptroller. If revocation were ordered, there would of course be no patent left to surrender.

- 19 I am also aware of three previous IPO decisions that deal with surrender under Section 29. *BL O/475/02*⁴, reported as *Dyson Ltd's Patent [2003] RPC 48*, and *BL O/281/02*⁵, reported as *Dyson Ltd's Patent [2003] RPC 24*, both concern the same patent. In *BL O/281/02*, the offer to surrender was stayed pending resolution of the revocation action, however in light of further reasons given by the patent holder, this decision to stay was reviewed and, as outlined in *BL O/475/02*, the Hearing Officer, R C Kennell, found that, in certain circumstances it was appropriate to accept an offer to surrender although revocation proceedings were still in progress in the court.

- 20 In *OR Specific Inc (BL O/170/14)*⁶, the Hearing Officer, S E Chalmers, found that it is desirable to bring the offer of surrender into the same forum as the revocation action so that the appropriate course of action can be considered in the light of all the circumstances of the case. Even though there had been no opposition to the surrender – particularly from those whose interests might be affected by revocation of the patent, namely the claimant in the revocation action and/or any licensees under the patent – the Hearing Officer concluded that further consideration of the offer to surrender should be stayed to await the outcome of the revocation proceedings. As a consequence, the Hearing Officer ordered that the proprietor of the patent should, if it had not done so already, notify the court of the offer to surrender. In addition, they should notify the comptroller, within 14 days of their conclusion, of the outcome of the revocation proceedings; or within 14 days of its

⁴ For full text of decision see IPO website at <http://www.ipo.gov.uk/pro-types/pro-patent/pro-p-os/o47502.pdf>.

⁵ For full text of decision see IPO website at <http://www.ipo.gov.uk/pro-types/pro-patent/pro-p-os/o28102.pdf>.

⁶ For full text of decision see IPO website at <http://www.ipo.gov.uk/pro-types/pro-patent/pro-p-os/o17014.pdf>.

making, of any order from the court that the surrender proceedings should continue before the Comptroller. The Comptroller would then consider the matter further.

Analysis

- 21 Surrender of a patent under Section 29 of the Act is not retrospective, and does not automatically terminate revocation proceedings or lead to an order revoking the patent. A patent will therefore be deemed to have been in effect from grant until surrender (i.e. an *ex-nunc* effect), unless it is separately revoked, revocation then being retrospective to grant, (i.e., an *ex-tunc* effect).
- 22 In the absence of any statutory provisions to allow an offer under Section 29 of the Act to be determined by the court, there would seem to be no *vires* for the Comptroller to decline to deal with an offer to surrender so that it can be dealt with by the court as part of the revocation proceedings. Section 29 of the Act and rule 42 of the Rules are silent as to how the Comptroller should proceed.
- 23 While there is no basis to decline to deal with an offer to surrender in such circumstances, it would seem appropriate to try and coordinate how it is dealt with in conjunction with the revocation proceedings in the court. I agree with the view of the Hearing Officer in *BL O/170/14 (OR)*, that it is desirable to bring the offer of surrender into the same forum as the revocation action so that the appropriate course of action can be considered in the light of all the circumstances of the case. Even though there has been no opposition to the offer of surrender in the present case, further consideration of this offer should be stayed to await the outcome of the revocation proceedings. As discussed in the *OR* decision, I also consider that it is important that the Court dealing with a revocation action is aware that an offer to surrender one or more patents involved in such proceedings has been made to the Comptroller while this revocation action is still in progress. As a consequence, an offer to surrender to the Comptroller should be notified to the court, and it should be stayed pending the outcome of the revocation action in that forum. In ordering a stay, however, it is important that this does not simply delay the overall settlement of the revocation proceedings or prejudice the position of the proprietor. Deferral of an offer to surrender should not prejudice the proprietor's position because it would still be open to them, if they had no interest in the patent and there are no third parties with an interest in it, not to defend the revocation action.
- 24 The Hearing Officer in *BL O/170/14 (OR)* also found that the factors which weighed with Laddie J in *Connaught* were not especially pertinent to that case, since the offer of surrender had already been advertised and had not been opposed. No question of further delay and expense thus arose.
- 25 The Hearing Officer in *BL O/281/02* and *BL O/475/02*, the *Dyson* decisions, concluded that although it was appropriate to stay an offer to surrender before the IPO in order to bring this offer to the attention of the court and, thus, to make sure that the court was aware of all the circumstances relating to this patent, an offer to surrender could be accepted in certain circumstances before the outcome of revocation proceedings was decided. In the second of these two decisions, *BL O/475/02*, the Hearing Officer outlined the factors that, when taken together, made it appropriate to accept the offer to surrender prior to the outcome of the revocation proceedings. The HO concluded that:

“20. Having carefully considered all the arguments now advanced by the proprietors, I believe that the patent may properly be surrendered. In reaching this view, I note that rule 43 gives no guidance as to how the comptroller should proceed in the event that an action is pending before the court. I am nevertheless satisfied that rule 43 leaves it open to me to decide whether or not to seek the view of the court or to await the outcome of the court proceedings before accepting an offer to surrender, according to the merits of the particular case. I do not accept that this is necessarily an improper abrogation of a discretionary power. I also accept Mr Inglis’ arguments that Connaught does not go so far as requiring me to await a view from the court on whether the patent should be revoked before accepting an offer to surrender.

21 I believe that there are a number of factors which taken together make it proper for the patent to be surrendered:

- the proprietors have given satisfactory reasons as to why they should not simply decline to defend the revocation action;*
- it seems at least possible from the views expressed in the correspondence between [claimant] and the proprietors that the stay of the surrender may be preventing the revocation action from proceeding;*
- no-one, including [claimant], has opposed the surrender;*
- the court [has] been made aware by the proprietors of the offer to surrender, and has not expressed any view;*
- the view of the court at the hearing on 31 January 2002 does not point to any reason why surrender would be inappropriate; and*
- surrendering the patent would not adversely affect the continuance of the revocation action.”*

26 In the present case, as noted above, the offer to surrender had not been advertised and the period to file an opposition to this offer not been completed. But, unlike the situation in *Connaught* and *BL O/170/14 (OR)*, surrender of one of the patents had already been discussed and acknowledged as part of the revocation proceedings. The patent holder, the claimant and the court were all aware of this offer to surrender. As noted already, this is clear from the agents letter dated 23 April 2014 on behalf of the patent holder and was clearly acknowledged in the judgment issued by Birss J on 30 January 2014 concerning the pre-trial review of the revocation action. It is explicitly referred to in paragraphs 2 and 18 of this judgement (as discussed above).

27 However, at that particular moment in time, the offer to surrender had not been advertised. As noted above, this is an essential step, as is allowing for a period for opposition to such an offer to be filed. Once both of these events have been completed, it is at this point that the Comptroller is in a position to decide what to do regarding the offer to surrender e.g., accept it or stay it. In this regard, I take note of the discussion and conclusion in decision *BL O/475/02 (Dyson)* which found that, in certain circumstances, it may be appropriate to accept an offer to surrender while a revocation action is in progress.

28 The letter from the agent dated 23 April 2014, which was filed in response to the letter from the Office dated 5 March 2014 asking if the offer to surrender had been notified to the court and to the claimant, was actually sent and received before expiry of the opposition period. Thus, it was necessary for the Office to wait until this opposition period had expired before it could take a view in this particular case on whether to stay the offer to surrender or accept it.

- 29 On the basis of the information provided in the agents letter dated 23 April 2014 and in the judgment that accompanied it, I am satisfied that the '632 patent may properly be surrendered. Once advertisement of the offer and the period for opposition had been completed without objection, the following factors, when taken together, mean that it is appropriate for the Comptroller to accept this offer to surrender:
- (i) The claimant and the court were both aware of the offer to surrender made by the patent-holder
 - (ii) No-one, including the claimant, Hospira, has opposed the surrender
 - (iii) The court was aware of the offer to surrender and had expressed a view that it should/would continue
 - (iv) Accepting the offer to surrender in relation to one of the three patents in the revocation proceedings would not adversely affect this action, indeed, the implication was that it would simplify matters as it would reduce the number of patents to be considered from 3 to 2.
 - (v) The claimant and the court, although they did not state it expressly, had proceeded on the assumption that the offer of surrender would be accepted and that the claim for revocation would not be pursued in relation to the '632 patent.
- 30 Although, in this instance, the decision regarding the offer to surrender could not be taken until after the opposition period had expired and, in the meantime, the revocation proceedings in the court which were the counterpart, had actually been completed, I am satisfied that the above approach is a valid one and can be applied generally. Thus, if the circumstances indicate that the court, the claimant and patent holder in a revocation action are all aware that the offer of surrender of a patent has been made to the Comptroller and have all proceeded on the basis that it has taken effect, then it is appropriate for that offer to surrender to be accepted prior to the resolution of the related revocation proceedings subject to any opposition to the offer to surrender being satisfactorily dealt with. This is in contrast to the more usual course of action, which is to stay the offer to surrender before the Comptroller pending resolution of the related revocation proceedings.

Order

- 31 I therefore order that the offer to surrender patent EP(UK) 1 187 632 B1 by the patent holder, Genentech Inc, should be accepted.
- 32 In accordance with Section 29(3) of the Act, this patent will cease to have effect from the date when the notice of acceptance of this offer is advertised in the Patents and Designs Journal.

Appeal

33 The period for appeal is 28 days.

Dr L CULLEN

Deputy Director, acting for the Comptroller