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ANTHONY CHARLES WORRALLO v. DANIEL W ← HALES → and LOIS R ← HALES → [1992] APO 59 (14 October 1992); (1992) AIPC 90-933

OFFICIAL NOTICE

decision of a delegate of the commissioner of patents

Application : No. 516018 in the name of ANTHONY CHARLES WORRALLO

Title : Improved Locking Device

Action : S.97(2) Application for Restoration and

Opposition thereto by DANIEL W ← HALES → and

LOIS R ← HALES →

Decision : Issued . Patent restored.

PATENTS ACT 1990

decision of a delegate of the commissioner of patents

Re: Patent No. 516018 by ANTHONY CHARLES WORRALLO, Application for Restoration and
Opposition thereto under [section 97\(3\)](#) of the [Patents Act 1952](#) by DANIEL W ← HALES → and
LOIS R ← HALES →.

BACKGROUND

Patent no. 516018 for an invention entitled "Improved Locking Device" was advertised accepted on 14 May 1981 and was sealed on 9 November 1981. The patent ceased in 1989 due to the non-payment of a renewal fee. On 23 March 1990 the patentee ANTHONY CHARLES WORRALLO (Worrallo) applied under [section 97](#) of the [Patents Act 1952](#) for restoration of the patent, and this application was advertised on 6 September 1990.

DANIEL W  HALES  and LOIS R  HALES (Hales ) jointly lodged a notice of opposition to the restoration on 6 December 1990. Evidence-in-support, comprising one declaration by Peter Chamerlayne Dummer, was lodged on 15 March 1991, and evidence-in-answer, comprising one declaration by Douglas Charles Carter, was lodged on 15 March 1991. Evidence-in-reply, comprising one declaration by Daniel W  Hales , was lodged on 2 July 1991 following the grant of one extension of time. On 19 September 1991 the opponents, through their attorneys, Peter Maxwell & Associates, advised that no further evidence would be filed and requested that the matter be set down for hearing.

On 20 September 1991 Worrallo applied under regulation 59 of the [Patents Act 1952](#) for special leave to lodge further evidence. The application was accompanied by 2 declarations by Douglas Charles Carter and Anthony Charles Worrallo. The application for special leave was opposed by  Hales , but in a decision issued on 20 May 1992 the delegate of the Commissioner allowed the application. On 26 June 1992  Hales , through their attorneys, advised that they would not be filing any evidence-in-answer to the evidence which was admitted as a result of this decision.

A hearing of the [section 97](#)(3) opposition was held in Canberra on 6 August 1992. At the hearing Worrallo was represented by Mr Douglas Carter, patent attorney of Carter Smith & Beadle and  Hales  were represented by Mr Peter Maxwell, patent attorney of Peter Maxwell and Associates.

HISTORY OF THE PATENT

The dates and events set out below were derived from Office records, the material on file concerning the application for restoration and the evidence lodged by the parties in respect of this action. As there was no dispute, I accept these dates and events as facts.

Date Event

28 April 1989 Annuity on patent no 516018 due.

28 October 6 months "grace period" for payment ends.

15 February 1990 Advertisement of ceasing appears in AOJP.

14-15 March Worrallo requests status report from Cowie,
Carter & Hendy (CC+H).

16 March CC+H sends schedule to Worrallo. Indicates 2
patents not renewed.

20 March Worrallo instructs CC+H to renew 516018.

23 March Restoration application filed.

11 April Patent Office requests further detail to
support application.

10 August Letter from Mr Carter filed supplying more
detail.

6 September Application for restoration advertised in
AOJP.

6 December Notice of opposition filed.

3 January 1991 Opposition advertised in AOJP.

6 March Evidence-in-support served.

18 March Evidence-in-answer served.

1 July Part evidence-in-reply served.

19 September Opponents advise no further evidence to be
filed.

20 September Applicant applies for special leave to lodge

further evidence.

Further evidence lodged.

8 October Opponents oppose application for special

leave.

20 May 1992 Decision in favour of applicant handed down.

25 June Opponents advise they will not file evidence-

in-answer to further evidence.

6 August Hearing on opposition.

NOTICE OF OPPOSITION

The notice of opposition sets out four grounds of opposition in the following terms:

1. The circumstances which led to the failure to pay the prescribed fee within the prescribed time are such that the failure was not unintentional,
2. The circumstances which led to the failure to pay the prescribed fee within the prescribed time are such that undue delay has occurred,
3. The circumstances which led to the failure to pay the prescribed fee within the prescribed time are such that the exercise of the Commissioner's discretion is not warranted,
4. The circumstances which led to the failure to pay the prescribed fee within the prescribed time are such that the Commissioner's discretion should not be exercised in favour of the patentee.

 **Hales**  interest in the matter was based on the following:

"We import, manufacture and offer for sale brackets and/or bracket supports of the type disclosed in Australian Patent No. 516,018."

THE EVIDENCE

The evidence-in-support of the opposition comprises one declaration by Peter Chamerlayne Dummer accompanied by 2 exhibits. Exhibit PCD 1 is a copy of a letter dated 9 August 1990 from CC+H to the Commissioner in response to an official letter requesting further details of the failure to renew the patent and the events leading to the restoration action. From this letter Mr Dummer deduces that:

1. "Cowie, Carter and Hendy relied on their computer completely for payment of renewal fees for Australian Patent No. 516,018." (para 2)
2. "the computer programme error affected renewals not only of Patent No. 516,018 but also other patents under the care of Cowie, Carter and Hendy." (para 3)
3. "the programme error was noted "some time after the due date for payment of the annuity on the subject patent" (i.e. Australian Patent No. 516,018 due 28th April, 1989)." (para 4)
4. "A manual check of the computer records failed to uncover the missed payment on Australian Patent No. 516018 and it was not until the patentee requested a listing of his patents that the missed renewal fee was noted by Cowie, Carter and Hendy." (para 5).

At the hearing Mr Carter stated that these facts were not disputed.

Exhibit PCD 2 is a letter from CC+H dated 11 January 1991 to Peter Maxwell and Associates stating that CC+H first became aware of the non-payment of the annuity on 16 March 1990. From this Mr Dummer surmises that the patentee requested a list of all his patents from CC+H "some time before 16th March, 1990" (para 6). Mr Dummer points out that, while the patentee requested restoration of the patent on 23 March 1990, the formalities of that request were not completed until August 1990. He then submits:

9. There was accordingly, a delay of some fifteen (15) months between the date when the renewal was due and the date when the restoration request was completed.

10. I observe also that there was a delay of at least four (4) months (and possibly longer) between the date when Cowie, Carter and Hendy was requested by the patentee to provide a listing of the patentee's patents and the date when the restoration request was completed.

11. I observe also that there was a delay of four (4) months between the date when Cowie, Carter and Hendy state they became aware of the non-payment of the annuity on Patent No. 516018 (16th March, 1990) and when the restoration request was completed (August, 1990).

12. I accordingly submit that there has been undue delay in the making of the application for restoration. I submit further on the basis of the Michigan University Case (Board of Control of Michigan Technological University v. Deputy Commissioner of Patents, (1982) AIPC 90-005) that the delay must

be taken as attributable to the patentee and that the delay is to be measured from a time at which reasonably the error should have been discovered.

13. I submit further that even if the delay is reckoned from the time when the error was actually discovered, there had been an undue delay of some four (4) months from the time when that error was discovered until a proper application under [Section 97](#) (complying with all the requirements of Section 97(2)) was lodged and that in the circumstances, this amounts to an "undue delay" within the meaning of [Section 97\(2\)](#).

The evidence-in-answer comprises one declaration by Douglas Charles Carter accompanied by 2 exhibits. Exhibit DCC 1 is the same as Exhibit PCD 1 accompanying Mr Dummer's declaration. Mr Carter deposes:

4. In the penultimate paragraph of the letter of the exhibit DCC 1, I have stated that "It was not until the client requested a list of all his patents...was noted.". That request by the client was made by telephone on March 14, 1990 followed by a facsimile confirmation dated March 15, 1990. I immediately instructed my staff to prepare the necessary schedules and the schedules were forwarded to Mr. Worrallo by facsimile on March 16, 1990. Attached hereto marked DCC 2 are copies of the original instructions received from Mr. Worrallo by facsimile together with my response of March 16, 1990 and the accompanying schedule. As stated in my letter of August 9, 1990, it was only when reviewing the schedule forwarded to Mr. Worrallo on March 16, 1990 that I became aware that the renewal fee for the subject patent had not been paid. Mr. Worrallo instructed me by facsimile of 20 March, 1990 to immediately proceed with the payment of the renewal fee on this patent and I then proceeded with the preparation of filing of the application for restoration and attended to the payment of the overdue renewal fee.

5. When preparing the restoration application, I explained that the non-payment of the renewal fee was due to a computer error in our office. However, the explanation given in the restoration application was considered insufficient and the Patent Office requested additional information and details which were then provided in my letter of August 9, 1990.

The evidence-in-reply comprises one declaration by Daniel W.  **Hales**  accompanied by 2 exhibits. Mr  **Hales**  notes an inconsistency between parts of Mr Carter's declaration, the text of exhibit

DCC 2 and the application for restoration. He submits:

2. The letter dated 16th March, 1990 forming part of Exhibit DCC 2 (being a letter from Cowie Carter & Hendy to the Patentee Mr. A. Worrallo) states in the second paragraph "Please note that the last two listed patents do not appear to have been renewed in 1989. I know that we used to renew all your cases automatically, and most are so entered in our system. However there may be a reason why these two patents were not renewed. Can you please advise?" The two "listed patents" are Patent Nos. 516,018 and

571,810.

The final paragraph in the letter of 16th March, 1990 forming part of Exhibit DCC 2 states "Please also confirm that all your cases are to be renewed automatically so that we can ensure our system records are correct".

I surmise from the above quoted statements that there was an element of doubt in the minds of the Agents for the Patentee as to Mr Worrallo's intentions whether both or either of the Worrallo Patents 516,018 and 571,810 were to be renewed as at 16th March, 1990.

He then quotes paragraph 4 of Mr Carter's declaration (see above) and notes that in the application for restoration Mr Worrallo stated "It was always my intention that the renewal fee for this patent be paid and I have never issued instructions to the contrary." Mr  **Hales**  interprets this information as giving:

....the impression that there was an element of doubt in the minds of the Agents for the Patentee as to whether the Patentee clearly did want the renewal fees paid in respect of both patents 516,018 and 571,810.

6. In the alternative, it may be (and there is some doubt of this in view of the evidence adduced) that it was always the understanding and intention of the Agents for the patentee that the renewal fee in respect of Patent 516,018 and Patent 571,810 be paid. However it is not clear from the evidence that the same intention was held by the Patentee himself.

He then submits:

.....The evidence provided does not make it clear what the Patentee's intentions were at the relevant time in respect of the renewal of either patent 516,018 or 571,810.

8. Accordingly, I am of the view that the information so far provided does not support the fundamental ground upon which the request for restoration of the patent No. 516.018 has been made, namely that it was always the Patentee's intention that the renewal fee for this patent be paid."

The further evidence filed comprises 2 declarations. The first is by Anthony Charles Worrallo, who confirms the statements in Mr Carter's declaration. He then deposes:

3. I have also read the Statutory Declaration of Daniel W.  **Hales** , with the Exhibits, comprising Evidence-in-Reply. Referring to paragraph 2 of this Declaration, in the letter dated 16 March, 1990, Mr. Carter's enquiry to me was merely to ascertain whether or not instructions had been given not to renew the cases which had not been renewed in 1989.

In response to Mr. Carter's enquiry, I responded by facsimile on 20 March, 1990 and stated "I have no idea why 516018 was not renewed". A copy of that facsimile is attached hereto and marked ACW 1. It will be clear from this facsimile reply of mine that I did not issue instructions not to renew the patent and, at that time, I was unaware of the reason why the patent was not renewed. It was always my belief that my Australian Attorneys were automatically paying all renewal fees on all my industrial property matters in accordance with instructions which I had given them several years earlier.

4. As will be seen from Exhibit ACW 1, when I received the Schedule of 16 March 1990 from Mr. Carter and ascertained that the patents 516018 and 571810 had not been renewed, I made a decision at that time that the Patent No. 571810 was no longer important to me and so I advised Mr. Carter so that no further effort would be expended on this patent.

The second declaration is by Douglas Charles Carter. Mr Carter states that he has read and understood Mr  **Hales** ' declaration and he deposes:

4. In the Statutory Declaration of Daniel W.  **Hales** , reference is made to my letter dated 16 March, 1990 forming part of Exhibit DCC 2 to my first Declaration. Mr.  **Hales**  quotes a portion of that letter and surmises from the quoted statements that an element of doubt existed in our mind or that of the Patentee as to the Patentee's intention concerning renewal of the two patents to which reference is made.

At the time I dictated the letter dated 16 March 1990, I was well aware that the Worrallo patents were renewed automatically, but it occurred to me that I may have been personally unaware of a countermanding instruction, if any had been issued, in respect of the two patents which had lapsed. My enquiry, therefore, was to ascertain if any such instruction had been given, and my query was answered with the reply "I have no idea why 516018 was not renewed", from which I then realised that the two patents had lapsed unintentionally.

5. Referring to paragraph 5 of Mr.  **Hales** 's Declaration his stated interpretation is incorrect. In any event, it is irrelevant whether or not I entertained a doubt as to whether or not instructions had been given concerning the non-payment of a renewal fee. What is important is whether the Patentee actually provided such instructions. I am not aware that any such instructions were given by Mr. Worrallo and to the best of my knowledge and belief, no such instructions were given. In this regard, prior to my letter of 16 March, 1990 to Mr. Worrallo referred to in my previous Declaration, I checked all the relevant renewal records held by my firm to locate any instructions relating to the Patent Nos. 516018 and 571810 in the years 1988 and 1989. My search did not locate any correspondence relating to these patents other than correspondence relating to their renewal in 1988. It is therefore my belief that the only instruction concerning the renewal fee due in 1989 was the standing instruction from Mr. Worrallo to pay automatically all renewal fees due in respect of all his industrial property matters in Australia.

6. Referring to paragraph 6 of Mr.  **Hales** 's Declaration, it is my understanding and belief that, at

all times, it was the intention of the Patentee to maintain Patent No. 516018 in full force.

SUBMISSIONS

Both parties agreed that [section 97](#) of the 1952 Act continues to apply to this matter. The notice of opposition sets out the locus of the opponents and this was not disputed by Mr Carter for Mr Worrallo.

At the hearing Mr Maxwell presented me with some typed sheets outlining his submissions. Mr Carter objected to these documents being considered as they did not form part of the evidence. Consequently I have not taken them into account in reaching my decision. However it seems to me that a summary of submissions could be of assistance to a hearing officer, especially in cases where the evidence and submissions are extensive and involve complicated issues. Therefore I do not believe that in general a hearing officer should be debarred from considering such a summary provided that a copy of the summary is given to the other party or parties concerned prior to the making of the submissions.

Mr Maxwell first addressed the issue of whether the failure to pay the renewal fee was unintentional. He questioned why, if there was a standing instruction to pay renewal fees, it was necessary for the attorneys to obtain confirmation from Mr Worrallo before filing the application for restoration. He pointed out that no standing instruction had been lodged as evidence and submitted that the instruction was merely a system for the attorney to seek further instructions rather than a standing instruction to renew. Since the attorneys had to seek instructions from Mr Worrallo before filing an application for restoration, the implication is that there was some doubt in the minds of the attorneys as to whether the renewal was automatic.

Mr Maxwell referred to the *Salopian Engineers' Application* (1957) RPC 351 which, he submitted, showed that a strict view of "unintentional" should be taken. In a similar way in the present case the fault in the computer system did not necessarily mean that the failure to renew the patent was "unintentional".

In response to these submissions Mr Carter pointed out that the Worrallo declaration shows there were standing instructions to automatically pay renewal fees, and this is sufficient since there is no evidence to the contrary. He also stated that instructions from Mr Worrallo were generally given verbally, and that he could not file an application for restoration until he had confirmed that Mr Worrallo wanted the fee to be paid. Mr Carter also explained in some detail how the fault in the computer system had caused the payment of the renewal fee to be missed.

On the issue of undue delay Mr Maxwell referred to the Dummer declaration and submitted that the delay is to be calculated from the day immediately following the 6 month grace period (*Nils Gunnar Jonsson's Patent* (1982) 52 AOJP 1656). He further contended that the delay extends until the completion of the submission supporting the restoration, being the date of filing of the letter from Mr Worrallo's attorneys giving further particulars of the application for restoration. In other words the period of delay is from 29 October 1989 to 10 August 1990, a period of more than 9 months. Mr

Maxwell submitted that this delay is "undue" within the guidelines laid down in the *Board of Control of Michigan Technological University v Deputy Commissioner of Patents* (1982) 40 ALR 577 (High Court), (1981) 34 ALR 529 (Federal Court), 1980 52 AOJP 1991 (AAT). He further submitted that since some of the critical evidence was filed with the application for special leave, the delay period really extends to the date of filing of this evidence (20 September 1991). Therefore the delay period was in fact 1 year 7 months.

In response to these submissions Mr Carter referred to the case of *Peter Raymond Utting v Clyde Industries Ltd* 8 IPR 16 which, in his submission, is on all fours with the present case, and in which the hearing officer considered the intention of the patentee and the delay. Since the evidence showed that Mr Worrallo intended to pay the renewal fee, then, following *Utting* (supra), the failure to pay is unintentional. The *Utting* decision followed the *Michigan* case (supra) on the question of delay. Therefore, according to Mr Carter, the period to be considered for delay runs from the date of the ceasing as advertised in the AOJP to the date of filing the application for restoration. Mr Carter also pointed out that in the *Salopian Engineers' Application* (supra), which was quoted in *Utting*, the adequacy of the system to pay the fees was not considered relevant. It was only necessary that a person had in mind to pay a fee and the person deliberately elected not to pay it. In the present circumstances Mr Worrallo expected the fee to be paid, the attorneys had in mind to pay the fee and there was no person who deliberately elected not to pay.

Mr Maxwell disagreed that the present circumstances were parallel to the situation in *Utting* (supra). He submitted that the *Michigan* case (supra) overrides the advertisement in the AOJP in considering the period of delay, and that the delay should run from the time when the application for restoration could first be made. Mr Maxwell also pointed out that the attitude of mind of Mr Utting concerning the renewals of his overseas patents was important to the decision in the *Utting* case. Here there was nothing on file to show what had happened to the renewals of Mr Worrallo's corresponding patents overseas.

Mr Maxwell then submitted that the Commissioner's discretion should be exercised in favour of the opponent since there was doubt as to whether the applicant had satisfied the grounds under [section 97](#) (2). Therefore the public interest favoured the opponent. In the alternative he submitted that it was in the public interest for a Celotex order to be made to protect those who have availed themselves of the patent while it was ceased. If this was not within the Commissioner's power then the opponent would apply for a compulsory licence.

Mr Carter submitted in response that there was no authority to say that where there was an element of doubt the Commissioner's discretion should favour the opponent. He also considered that the Commissioner had no power to grant a Celotex order and pointed to the provisions of [section 98](#) as limiting the matters for consideration where a patent is restored.

DECISION

Restoration of a ceased patent is provided for in [sections 97](#) and [98](#)

of the 1952 Act. [Section 97](#) reads as follows:

(1) Where a standard patent has ceased (whether before or after the commencement of the Patents Act 1969) by reason of failure to pay a prescribed fee within the prescribed time -

(a) the patentee;

(b) if the patentee has died - the legal representative of the deceased patentee; or

(c) a person who would, if the patent had not ceased, have been entitled to the patent, may apply to the Commissioner for the restoration of the patent.

(2) The application shall contain a statement of the circumstances which led to the failure to pay the prescribed fee within the prescribed time, and if it appears from the statement that the failure was unintentional, and that no undue delay has occurred in the making of the application, the Commissioner shall advertise the application in the *Official Journal*.

(3) A person interested may, within such time as is prescribed, give notice to the Commissioner of opposition to the restoration and shall serve a copy of the notice on the applicant for the restoration of the patent.

It follows from section 97 that the conditions precedent for the restoration of a ceased patent are that:

. ceasing was consequential upon a failure to pay a prescribed fee within the prescribed time;

. the failure was unintentional; and

. no undue delay has occurred in making the application for restoration.

Clearly the first condition is satisfied in the present case, the ceasing of the patent being consequent upon the failure to pay a renewal fee within the 6 month grace period. I will now consider the second condition.

The evidence for the opponent, and Mr Maxwell's submissions, imply that there was some element of

doubt as to whether Mr Worrallo and/or his attorney intended that the renewal fee be paid on patent no.516018. Mr Maxwell further submitted that I should take a strict view of "unintentional".

Mr Worrallo's evidence shows that he did not issue instructions not to renew the patent and that he believed his attorneys were automatically paying renewal fees on all his Australian patents. Mr Carter's evidence supports the existence of a standing instruction from Mr Worrallo to automatically renew all his patents. I also note that, in the application for restoration Mr Worrallo states:

"It was always my intention that the renewal fee for this patent be paid and I have never issued instructions to the contrary."

While I would agree with Mr Maxwell that the fault in the computer system, which resulted in the non-payment of the renewal fee, does not necessarily mean the failure to pay was unintentional, I believe the question I have to decide is whether there was a deliberate intention by Mr Worrallo not to pay the fee. I find support for this view in comments made in the *Salopian Engineers' Application* [1957] RPC 351 at 356:

"...negligence in the keeping of records gives no evidence as to the intention of a patentee as to a particular patent. What I have to decide is whether the Applicant, knowing that this particular fee was due, deliberately decided not to pay it. In *Land's Patent*, (1910) 27 R.P.C. at p. 483, *Parker J.*, said: "In order that an omission to pay a fee should be intentional, it is only necessary that it should be present to the mind of the person who has to pay the fee, that the fee is payable and that he should deliberately elect not to pay it.""

Furthermore by virtue of section 68(2), the responsibility to pay the fees necessary to avoid a patent ceasing lies with the patentee. Accordingly in determining whether the failure to pay the renewal fee in time was unintentional I must be satisfied that any intention not to pay the fee which resulted in the ceasing of the patent was not attributable to the patentee. In the present case it appears to me, in the absence of any clear evidence to the contrary, that it was Mr Worrallo's intention that the renewal fee be paid. Consequently the second condition that the failure was unintentional is, in my opinion, satisfied.

The third condition is concerned with undue delay in making the application for restoration. It seems that there are two matters I must consider within this condition - the actual period of the delay and whether that delay was undue. In the opponent's view the delay runs from the time when the application for restoration could first have been made up to at least the completion of the submission supporting the restoration and possibly up to the date of filing the further evidence under regulation 59. The applicant

however contends that the delay runs from the date of advertisement of the ceasing of the patent to the date of filing the application for restoration.

Both the *Nils Gunnar Jonsson* and the *Utting* cases (supra) relied on by Mr Maxwell and Mr Carter respectively support the view put forward in the *Michigan* case (supra) that the relevant period of delay to be assessed is that commencing from the time when the application for restoration could first have been made and extending to the time when the application for restoration was made.

Under the terms of section 97(1), the entitlement to apply for restoration arises immediately a patent has ceased. However, by virtue of section 68(3), the period in which an application for restoration of a ceased patent may be made does not commence until the expiry of the extension period allowable under that sub-section since a patent cannot be deemed to have ceased under section 68(2) until the expiry of the extension period provided in section 68(3). In the present case therefore the date upon which an application for restoration could first be made was 28 October 1989. However the notice of ceasing appeared in the AOJP of 15 February 1990. The Administrative Appeals Tribunal in the *Michigan* case stated:

"Advertisement in the Journal may not be notice to an applicant personally, but, nevertheless, it was notice to the world at large including the applicant. Its effect was to give public notification of the lapsing of the patent. If an application for restoration was to be made thereafter, it had to be made without undue delay."

The notice in the AOJP therefore constituted notice to the world at large, including the patentee and his agent, that patent no.516018 had ceased. In my view, in this case, delay therefore commenced on 15 February 1990.

The application to restore the patent was first made on 23 March 1990, but the further detail requested by the Patent Office to support the application was only filed on 10 August 1990. Mr Maxwell submitted that the period of delay should run at least to the filing of this further detail and possibly until all the critical evidence had been filed to support the application.

As I understand the judgements in the *Michigan* case a delay constitutes undue delay if it was unreasonable in all the circumstances. In this case I believe the circumstances are:

- i) an application for restoration was filed approximately 5 weeks after the official advertisement of ceasing;
- ii) the Office sought further details before consideration was given to the application;
- iii) the further details were supplied 4 months later; and

iv) the Office advertised the application for restoration.

In considering these circumstances I find that I cannot agree with Mr Maxwell's submissions concerning the period of delay running to the time when the evidence resulting from the special leave application was made. In my view, advertisement of an application for restoration of a patent is, in effect, a conditional acceptance of the application for restoration subject only to review in the light of further evidence which may be lodged on opposition. Accordingly the delay cannot run beyond the time when the Commissioner was satisfied *prima facie* the requirements for restoration had been complied with.

I believe Mr Maxwell's point concerning the application not being completed until the further details were supplied has more substance. Perhaps the letter from Mr Worrallo's attorneys could have been filed sooner, and Mr Carter gave no reason as to why it took 4 months to respond to the Official letter. Nevertheless it is not uncommon for a person to wish to apply for restoration quickly whereas it may take more time to formalise the statement of reasons. In this case Mr Worrallo, in my view, wasted no time in applying for restoration once he was aware the patent had ceased. I also believe that the substance of the circumstances which led to the failure to pay the renewal fee were given in the original application for restoration. Therefore I believe in this case the delay runs to the filing of the restoration application. In all the circumstances I do not believe the period of 5 weeks from the advertisement of the ceasing to the filing of the restoration application constitutes undue delay.

I have found that all conditions precedent for the restoration of the ceased patent have been satisfied. Mr Maxwell's submissions concerning the exercise of the Commissioner's discretion in favour of the opponent are therefore not relevant. Concerning the protection of those who have availed themselves of the patent while it was ceased, I would agree with Mr Carter that the provisions of section 98 cover these circumstances. In particular the relevant parts of section 98 are:

(4) Where a patent is restored under this section, such provisions as are prescribed have effect for the protection or compensation of persons who availed themselves, or took definite steps by contract or otherwise to avail themselves, of the subject matter of the patent after the patent was notified in the *Official Journal* as having ceased and before the date of the first advertisement of the application.

(5) Proceedings shall not be taken in respect of an infringement of a patent committed between the date on which the patent ceased and the date of the restoration of the patent.

The future actions of the opponents following my decision, such as an application for a compulsory licence, form no part of my considerations in the present matter.

COSTS

Both parties made submissions as to costs. Mr Maxwell submitted that costs should be awarded to the opponents irrespective of the outcome of the opposition due to the failure of the applicant to negotiate a licence agreement. Furthermore, in assessing costs I should take into account the fact that it was not until the further evidence was adduced that the opponent was aware of the circumstances of the failure to pay the renewal fee.

Mr Carter submitted that the applicant should be awarded costs on the basis that the whole action should be considered. He pointed out that the special leave application was necessary to respond to new matters raised in the evidence-in-reply and submitted that the opponents had failed to fully explore their case in the evidence-in-support. Therefore there should be no allowance in costs for the special leave application. Mr Carter further submitted that the patentee had been very open throughout, his only intention being to have the patent restored. Section 97 existed to protect a patentee against the draconian consequences of errors in failing to pay a fee.

I cannot agree with Mr Maxwell that the special leave application in this case is material to the issue of costs. As there is no evidence before me of any negotiations between the parties concerning the patent, I cannot consider this issue in relation to costs. In the normal course of actions costs follow the event and I see no reason to make an exception in this case. Therefore I award costs against  **Hales** .

CONCLUSION

I have found that ceasing of the patent was unintentional on the part of the patentee and that there was no undue delay in applying for restoration; therefore I shall restore the patent subject to any appeal being made.

Janet Werner

Delegate of the Commissioner of Patents

Patent attorneys for the applicant : *Carter Smith & Beadle, Melbourne*

Patent attorneys for the opponent : *Peter Maxwell and Associates, Parramatta.*