



OFFICE OF THE DIRECTOR GENERAL

STEVEN D. YOUNG / MERCK & CO.,
INC. (now, MERCK SHARP &
DOHME),

Appellants,

-versus-

DIRECTOR OF THE
BUREAU OF PATENTS,

Appellee.

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APPEAL NO. 01-2013-0004
Application No. 46637
Date Filed: 05 August 1993
FOR: BENZOXAZINONES AS
INHIBITORS OF HIV REVERSE
TRANSCRIPTASE

NOTICE

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IPOPHL LIBRARY
Documentation, Information
and Technology Transfer Bureau
Intellectual Property Office
Taguig City



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DATE: 10/03/2014
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GREETINGS:

Please be informed that on 02 October 2014, the Office of the Director General issued a Decision in this case (copy attached).

Taguig City, 03 October 2014.

Very truly yours,

[Signature]

ROBERT NEREO B. SAMSON
Attorney V

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OFFICE OF THE DIRECTOR GENERAL

STEVEN D. YOUNG/MERCK & CO.,
INC., (now, MERCK SHARP & DOHME),
Appellants,

Appeal No. 01-2013-0004

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DIRECTOR OF BUREAU
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x-----x

DECISION

MERCK SHARP & DOHME ("Appellants") appeal the decision of the Director of Bureau of Patents ("Director") affirming the denial of the Appellants' petition for revival of Patent Application No. 46637 for *Benzoxazinone as inhibitors of HIV reverse transcriptase*.

Records show that the Appellant filed a "PETITION FOR REVIVAL" dated 02 December 1998 stating the following facts and arguments:

"Facts

The Bureau of Patents, Trademarks and Technology Transfer (BPTTT) issued an official action, Paper No. 9 (Annex "A") addressed to Abiera and San Jose (hereinafter Abiera), of 6th Floor, Cibeles Building, Ayala Avenue, Makati, Metro Manila, counsel of record of the applicants. Paper No. 9 was mailed on August 16, 1996 to Abiera, containing a restriction requirement, designating four (4) patentably distinct groups and requiring the applicants, in its response, to include a provisional election. Paper No. 9 also indicated that to avoid abandonment, a response must be filed within a period of two (2) months from the mailing date of the action. Subsequently, the BPTTT issued a Notice of Abandoned Application, Paper No. 10 also addressed to Abiera. It declared that the subject application was considered abandoned for failure of the applicants to respond to official action Paper No. 9. It also indicated that the abandoned application may be revived within four (4) months from the mailing date if it is shown to the satisfaction of the Director that the delay was unavoidable and after payment of the required fees.

Arguments

The applicants seek the revival of the subject application on the following grounds:

revival

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1. The failure to comply with the requirements of official action Paper No. 9 was due to the gross negligence of counsel which does not bind his client.
2. The subject application is clearly patentable under Philippine law.

Subsequently, the Examiner-in-Charge ("Examiner") issued "Paper no. 15"¹ stating in part the following:

"Applicants request, however, cannot be granted. Rule 115 of the Rules of Practice in Patent Cases states that:

"Rule 115 Revival of abandoned application. An application abandoned for failure to prosecute may be revived as a pending application within a period of four months from the mailing date of the notice of abandonment if it is shown to the satisfaction of the Director that the delay was due to fraud, accident, mistake, and excusable negligence.

A petition to revive an abandoned application must be promptly filed after the applicant is notified of, or otherwise aware of the abandonment, and must be accompanied by (1) a showing of the cause of the delay, (2) a complete proposed response and (3) the required fee as set forth in Rule 16.

An application not revived within the specified period shall be deemed forfeited."

The Office duly observed and applied the procedures in accordance with established rules in the prosecution of the patent application. The loss of rights of the applicant ensued not from the fault of the Office but from an apparent negligence on the part of their former counsel which extends to the applicants. The Office is not a party to their agreement.

Since the applicants failed to respond to the Official action Paper no. 9 and failed to file a petition to revive their application within the reglementary period, they have lost their rights under the doctrine of "laches" (sic).

In view of the above, the present application cannot be revived."

On 04 December 2006, the Appellants filed a "NOTICE OF APPEAL" to the Director assailing the decision of the Examiner denying the Appellants' petition for revival of their patent application. After the appropriate proceedings, the Director issued the decision² denying the Appellants' appeal. The Director concurred with the Examiner that under the Rules of Practice in Patent Cases, an application not revived within four (4) months from the mailing of the notice of abandonment will lead to the forfeiture of the application. The Appellants filed on 11 July 2012 a "MOTION FOR RECONSIDERATION" which the Director dismissed for lack of merit.³

Not satisfied with the results in the Bureau of Patents, the Appellants filed with this Office a "MEMORANDUM OF APPEAL" dated 13 November 2013

¹ Mailed on 04 October 2006.

² Dated 06 June 2012.

³ Resolution dated 11 September 2013.

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contending that the notice of abandonment is not of minor importance, considering that procedural and substantive due process is guaranteed by the Philippine Constitution. The Appellants maintain that since no notice of abandonment was received by the Appellants through their agent, the period to revive the abandoned application has not commenced. The Appellants argue that they asserted their rights within a reasonable period upon being made aware of their former agent's failure to respond to Paper No. 9 and, thus, the doctrine of *laches* does not apply. The Appellants aver that the lack of records in the Bureau of Patent is contrary to the obligation to keep the integrity of records of patent applications and that the gross negligence of the Appellants' agent does not bind them.

On 28 November 2013, this Office issued an Order giving the Director thirty (30) days from receipt of the Order to submit comment on the appeal. The Director filed his comment on the appeal on 04 February 2014. Consequently, the Appellants filed on 30 April 2014 a motion to expunge from the records the comment of the Director for having been filed out of time.

On 22 April 2014, this Office issued an Order giving the parties fifteen (15) days from receipt of the Order to submit their respective memoranda. The Appellants filed their memorandum on 21 May 2014 while the Director did not file his memorandum.

The main issue in this case is whether the Director was correct in affirming the Examiner's decision to deny the Appellants' petition for revival of Patent Application No. 46637 for *Benzoxazinone as inhibitors of HIV reverse transcriptase*.

Before resolving this issue, this Office noted the Appellants' motion to expunge from the records the Director's comment on this appeal for having been filed out of time. In this regard, the Director admitted that his comment was filed out of time and claimed that this is due to the onset of the yuletide season.

This Office finds this explanation by the Director not meritorious. The Director received the Order of this Office requiring him to file his comment on the appeal on 02 December 2013. However, the Director filed his comment only on 04 February 2014 or more than sixty (60) days from the time he received the Order. The Director did not even bother to file a motion or request for extension to file his comment. The adherence to the timelines and procedural requirements are vital in the effective resolution of cases such as the instant appeal. Accordingly, for lack of any justifiable explaining the delay in the submission of the Director's comment on the appeal, the Appellants' motion to expunge from the records the Appellee's comment is hereby granted.

This Office will now resolve the main issue in this case

Records indicate that Patent Application No. 46637 for *Benzoxazinone as inhibitors of HIV reverse transcriptase* has a filing date of 05 August 1993. Thus, this

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patent application was filed before the effectivity of the Intellectual Property Code of the Philippines ("IP Code").⁴ Sec. 235 of the IP Code provides in part that:

SEC. 235. Applications Pending on Effective Date of Act.- 235.1. All applications for patents pending in the Bureau of Patents, Trademarks and Technology Transfer shall be proceeded with the patents thereon granted in accordance with the Acts under which said applications were filed, and said Acts are hereby continued to be enforced, to this extent and for this purpose only, notwithstanding the foregoing general repeal thereof: Provided, That applications for utility models or industrial designs pending at the effective date of this Act, shall be proceeded with in accordance with the provisions of this Act, unless the applicants elect to prosecute said applications in accordance with the Acts under which they were filed.

Accordingly, the Appellant's patent application is covered by the old law on patent, particularly, Republic Act No. 165 (RA 165).⁵ It is important to note that under this old law the "term of a patent shall begin on the date when the patent is issued as shown on the face thereof and shall expire seventeen years thereafter."

In addition, a petition for revival of a patent application covered by RA 165 is governed by the Rules of Practice in Patent Cases⁶ which was cited by the Examiner:

Rule 115. Revival of abandoned application. An application abandoned for failure to prosecute may be revived as a pending application within a period of four (4) months from the mailing date of the notice of abandonment if it is shown to the satisfaction of the Director that the delay was due to fraud, accident, mistake, and excusable negligence.

A petition to revive an abandoned application must be promptly filed after the applicant is notified of, or otherwise aware of the abandonment, and must be accompanied by (1) a showing of the cause of delay, (2) a complete proposed response and (3) the required fee as set forth in Rule 16.

⁴ The IP Code took effect on 01 January 1998.

⁵ AN ACT CREATING A PATENT OFFICE, PRESCRIBING ITS POWERS AND DUTIES, REGULATING THE ISSUANCE OF PATENTS, AND APPROPRIATING FUNDS THEREFOR.

⁶ This rule is now found in Rule 929 of the Revised Implementing Rules and Regulations for Patents, Utility Models and Industrial Designs which states that:

Rule 929. Revival of Application. – An application deemed withdrawn for failure to prosecute may be revived as a pending application within a period of four (4) months from the mailing date of the notice of withdrawal if it is shown to the satisfaction of the Director that the failure was due to fraud, accident, mistake, or excusable negligence.

A petition to revive an application deemed withdrawn shall be accompanied by:

- (a) A showing of a justifiable reason for the failure to prosecute;
- (b) A complete proposed response; and
- (c) Full payment of the required fee.

No revival shall be granted to an application that has been previously revived with cost. An application not revived in accordance with this Rule shall be deemed forfeited.

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In this case, a perusal of the Appellants' petition for revival shows that the Appellants are claiming the gross negligence of their counsel as the reason for their failure to comply with the official action (Paper No. 9) issued by the Examiner. However, it is a settled rule that notice to counsel is notice to the party being represented by the counsel.⁷ Clients are not excused from and are bound by the mistakes and negligence of their attorneys,⁸ such that the failure of counsel to notify the client of an adverse judgment would not constitute excusable negligence and therefore binds the client.⁹

The Appellants must, therefore, suffer the consequences of entrusting their patent application solely to their counsel or agent on record. Moreover, there is no merit to the Appellants' contention that they are deprived of due process because of the lack of proof that the notice of abandonment was received by their counsel. This is only a belated argument by the Appellants because in their statement of facts in the petition for revival, the Appellants stated:

"Subsequently, the BPTTT issued a Notice of Abandoned Application, Paper No. 10 also addressed to Abiera."

The fact of the issuance of the notice of abandoned application is, therefore, not disputed. Consequently, in the absence of any contradictory evidence, there is the presumption that the Appellants and their counsel or agent have been notified of the abandonment of the Appellants' patent application. Under the principle that official duty has been regularly performed and that the ordinary course of business has been followed,¹⁰ the fact that the notice of abandonment was acknowledged to have been issued, it follows that the furnishing of this notice to the Appellants through their counsel or agent is presumed to have followed the ordinary course of business.

Significantly, the vigilance required of a patent applicant is missing on the part of the Appellants. They knew that in August 2006, an official action was issued by the Examiner which requires them to respond within two (2) months from the mailing date. Instead, of ensuring that the appropriate response was made within the required period, the Appellants left their concern entirely to their counsel. The Appellants knew that a responsive action needs to be undertaken to prevent the abandonment of their application. They should have regularly communicated with their counsel the required response to ensure compliance with the Examiner's official action. However, as admitted by the Appellants:

30. In her affidavit (Annex "H"), Valerie Camara stated under oath that indeed she received a copy of Paper No. 9 with mailing date of August 26, 1996 from Messrs. Abiera and San Jose, and gave them instructions to elect with traverse Groups I and II (Annex "H-5") and to file a response before the deadline of October 16, 1996. The said instructions were sent by facsimile and courier. Having given

⁷ Ballesteros v. Caoile, G. R. No. L-16056, 31 May, 1961.

⁸ PCIBank v. Ortiz, G.R. No. L-49223, 29 May 1987.

⁹ Seavan Carrier, Inc. v. GFI Sportswear Corporation, G.R. No. L-62130, 28 September 1984.

¹⁰ Revised Rules of Court, Rule 131. Sec. 3(m) and (q).

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said instructions, there was nothing more for her to do but to wait for Messrs. Abiera and San Jose's report.¹¹

Therefore, the Appellants failed to exercise due diligence or exert reasonable efforts in prosecuting their patent application. They did not even bother to follow up in the patent office the status and development of their application. In this regard it has to suffer the consequences of their act or omission that is lacking in the exercise of standard care, which an ordinarily prudent person bestows upon the person's important business.¹²

When the Appellants filed the petition for revival in 1998, two (2) years had lapsed from the time their patent application was considered abandoned or deemed forfeited. Accordingly, the Examiner was correct in denying the petition for revival that was required to be filed within four (4) months from the mailing date of the notice of abandonment.

This Office adheres to the policy of securing protection to inventors and promoting patent protection and recognizes the need to have an effective industrial property system. The reglementary periods fixed in the rules and regulations for the prosecution of patent applications are essential for the effective and orderly administration and disposition of these applications. Aptly, procedural rules are not to be belittled or disregarded simply because their non-observance may have resulted in prejudice to a party's substantive rights.¹³

It is in the interest of justice that in patent examinations there should be strict implementation of the time limits and reglementary periods within which applicants must prosecute their applications. The grant of patent protection is an exception to the general rule of prohibiting monopoly and in order to balance this privilege and private interests of the inventors, patent laws provide a stringent application process which inventors should strictly comply to secure patent protection.

In one case, the Supreme Court of the Philippines has ruled that the lapse of an unreasonable period of time prior to the filing of a petition for revival of an abandoned application due to the negligence of the applicant's counsel would result in the forfeiture of the right to revive the patent application, to wit:

"However, petitioners lost sight of the fact that the petition could not be granted because of laches. Prior to the filing of the petition for revival of the patent application with the Bureau of Patents, an unreasonable period of time had lapsed due to the negligence of petitioners' counsel. By such inaction, petitioners were deemed to have forfeited their right to revive their applications for patent."¹⁴

A patent application is prosecuted *ex parte* by the applicant and the proceedings are like a lawsuit in which there is a plaintiff, but no defendant, the

¹¹ MEMORANDUM OF APPEAL dated 13 November 2013, page 9.

¹² Fernandez v. Tan Tiong Tick, G. R. No. L-15877, 28 April 1961.

¹³ Lazaro v. Court of Appeals, 330 SCRA 208 (2000).

¹⁴ Schuartz v. Court of Appeals, G.R. No. 113407, 12 July 2000.

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Office itself acting as the adverse party. The Office, represented by the Examiner is not supposed to look after the interest of an applicant. The law imposes that duty upon the applicant itself. In addition, just like in lawsuits, reglementary period and time limits must strictly be followed as they are considered indispensable interdictions against needless delays and for orderly discharge of patent examinations.


Moreover, to allow the revival of the Appellant's patent application that was deemed abandoned way back in 199~~96~~ is certainly not in accordance to the policy of providing intellectual property protection. It is absurd to think of a possibility of giving patent protection to a product that may already be in the market. Hence, the denial of the petition to revive the Appellants' patent application is only but proper.

WHEREFORE, premises considered, the instant appeal is hereby dismissed.

Let a copy of this decision and the records of this case be furnished and returned to the Director of the Bureau of Patents for appropriate action. Let also a copy of this decision be furnished to the library of the Documentation, Information and Technology Transfer Bureau for its information and records purposes.

SO ORDERED.

02 OCT 2014 Taguig City.


RICARDO R. BLANCAFLOR
Director General

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