

PATENTS ACT 1977

BCC / 1511/90

IN THE MATTER OF an application  
for the restoration of Patent  
No 2027828 in the name of  
Fisher Westmoreland (UK) Ltd

DECISION

Patent No 2027828 dated 23 July 1979 ceased on 23 July 1987 through non-payment of the renewal fee in respect of the 9th year which became due on 23 July 1987. An application for restoration was filed on 25 July 1988 within the period allowed under section 28(1) and rule 99.

Evidence in support of the application was filed over a lengthy period of time between 6 September 1988 and 29 September 1989 with various extensions of time for filing evidence being allowed by the office. On 11 December 1989 an official letter was issued stating that the Comptroller was unable to admit a prima facie case in favour of restoration and giving the applicants an opportunity to request a hearing. Such a request was made on 9 January 1990, but, despite several attempts by the office to appoint a hearing, the applicants failed to settle on a date.

On 11 September 1990 a final official letter was issued informing the applicants that unless they agreed to a date for the hearing by 31 October 1990 the office would assume that they no longer wished to be heard. On 13 November 1990 it was confirmed by the agents acting for the applicants that they had not received any instructions from the applicants to respond to the final official letter, hence it falls on me to decide the matter on the basis of the evidence on file.

The evidence shows that Mr Westmoreland, a director of Fisher Westmoreland (UK) Ltd ("FW") the proprietors of the patent, was responsible, at least initially, for seeing that the

renewal fees were paid. Mr Westmoreland had an arrangement with Computer Patent Annuities ("CPA") under which CPA would send him a series of up to four reminders when renewal fees became due and would pay the fees on instruction by him. As a safeguard, copies of these reminders were also sent to Mr Fisher, another director of FW, who passed them on to Mr Westmoreland, but would himself pay the fee in the event he received a copy of a fourth reminder.

The only income received by the proprietors and Mr Westmoreland was from royalties from the patent and a corresponding US patent, and these payments were very small. Over a period of time Mr Westmoreland incurred what he describes as a vast debt personally through the money he spent in development, travelling and expenses. Professional fees were not paid because of the financial difficulties which FW and Mr Westmoreland were experiencing, and Mr Westmoreland was under considerable pressure, as a consequence of which he was unable to attend to many of the jobs which he would otherwise have coped with.

In an attempt to relieve the situation, negotiations were entered into with an American company Backstop Inc with a view to transferring the patent, together with other patents and applications for patents, to that company which would then become responsible for the maintenance of the patent. A form of agreement was drawn up on 10 April 1987 and was signed by Mr Westmoreland and his co-director Mr Fisher. From that time both Mr Westmoreland and Mr Fisher believed that the patent had been transferred by the agreement to Backstop Ltd, a UK company controlled by Backstop Inc, and that Backstop Ltd would henceforth be responsible for paying the renewal fees for the patent.

However, Backstop only regarded the document signed by Mr Fisher and Mr Westmoreland as a draft agreement. The agreement was not signed by their chairman Mr Pannaman until November 1987 and the finalised version was not executed

until March 1988. According to Mr Lock, the company secretary of Backstop Ltd, Backstop believed that the patent remained the responsibility of FW until the finalised agreement was executed. It was this misunderstanding between the two parties which led to the lapse of the patent in July 1987.

There had been a previous misunderstanding between Mr Westmoreland and Backstop over payment of the renewal fee which fell due in July 1986. Mr Westmoreland apparently thought Backstop had taken over responsibility for payment of the fee and he forwarded to Mr Lock the first three reminders which he received from CPA, but when Mr Westmoreland received the fourth, overdue, reminder he realised that the fee had not been paid by Backstop and he raised the money to pay the fee and fine for late payment himself. Because of this earlier misunderstanding, Mr Westmoreland insisted on the agreement with Backstop including a clause which required Backstop to pay future renewal fees.

Despite the belief of Mr Westmoreland and Mr Fisher that responsibility for renewal lay with Backstop after April 1987, reminders were still sent to them by CPA, but instead of attending to the payment of the renewal fee themselves, they now forwarded the reminders to Mr Lock at Backstop Ltd. Mr Westmoreland says that he would also have forwarded to Mr Lock the official overdue and lapsing letters issued by the office under rules 39(4) and 42.

The reminders reached Mr Lock safely, but all he did was to forward them to Backstop Inc in the USA. He placed no significance on the reminders and he did not examine them in detail because, as he rather surprisingly puts it, "it was assumed that they were sent for the purpose of confirming that Mr Westmoreland was attending to payment of the renewal fees".

Mr Westmoreland was aware that the renewal fee had not been paid over the period of time in which he received reminders from CPA. He did in fact telephone Mr Lock on a number of occasions to enquire as to the status of the patents and he says that each time he did so Mr Lock assured him that everything was in hand and that all renewal fees were being attended to. Mr Lock, although confirming that between March 1987 and March 1988 he had several telephone conversations with Mr Westmoreland, cannot recall any details. Mr Lock merely says "if Mr Westmoreland had asked about the patent I would have assumed that he was referring to the arrangement concerning the agreement to assign the patents and would have assured him that everything was in hand". Thus the misunderstanding over who was responsible for renewing the patent for its ninth year was compounded.

Mr Westmoreland has exhibited a communication from his solicitor to Backstop concerning the agreement document. It seems quite clear from this communication, and seems to have been accepted subsequently by Mr Westmoreland, that transfer of the patent to Backstop was not effected in April 1987. That being so, Mr Westmoreland, backed up by Mr Fisher, was responsible for paying the fee in question.

Mr Westmoreland (and Mr Fisher) says he read the solicitor's communication and understood that paragraph 3 thereof which includes the passage -

"NB The rights to Fisher Westmoreland patents are in Backstop Ltd and the rights to Cropwell Brakes patents are in Backstop Inc. This will have to be 'tidied up'."

- was confirming that UK Patent No 2027828 belonged to Backstop.

In my view, upon reading that passage in conjunction with the opening paragraph which reads -

"The Agreement dated 29 April 1987 ... dealt with the sale of the patents, but was conditional upon agreement being reached on all matters the subject of this communication and the document was executed on trust because of the limited time available."

Mr Westmoreland should have been made sufficiently doubtful as to what the position was with regard to the transfer of the patents for him to seek clarification from his solicitor. If that doubt was not immediately to the fore then I think it should have been when it became apparent that Backstop were not doing anything about renewing the patent, but Mr Westmoreland says he was under too much pressure to seek confirmation from Backstop that they would be paying all renewal fees.

As I have already indicated, Mr Westmoreland did make enquiries about the status of the patent when he spoke to Mr Lock, but it seems to have been a somewhat half-hearted attempt at finding out what was going on and he apparently accepted the bland assurances he received from Mr Lock when it should have been obvious to him that no action had been taken by Backstop to renew the patent. To my mind this does not accord with reasonable care being taken by the proprietors to ensure that the renewal fee was paid.

There is no evidence of course that Backstop had taken any steps at all to ensure that the patent was renewed. In fact they apparently showed a complete lack of interest in ensuring that the patent, the purchase of which they were negotiating, was actually worth something to them by the time the purchase was completed.

I have given careful consideration to the particular circumstances of this case, including the personal stress to which Mr Westmoreland was subjected over the relevant period and the attitude of Backstop who were well aware of the financial problems facing FW and might therefore have been

expected to have shown an active interest in the status of the patent, but I have come to the conclusion that the requirements of section 28(3) have not been met by the proprietors. Accordingly the application for restoration is refused.

Dated this 20 day of December 1990



K E PANCHEN  
Superintending Examiner, acting for the Comptroller

THE PATENT OFFICE