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PATENTS ACT 1977

IN THE MATTER OF an application
by Orbit Technologies Inc for the
restoration of Patent No. EP 057505

DECISION

The renewal fee in respect of the eleventh year of the patent fell due on 12 January 1992. The fee was not paid by the due date or during the further six months allowed under section 25(4) upon payment of the prescribed additional fee. The patent therefore lapsed on 12 January 1992. The application for restoration was filed on 4 February 1993 within the period prescribed under rule 41(1)(a). After consideration of the application by the Office and the passage of a lengthy period during which further evidence was invited, an official letter was issued on 1 March 1994 informing the proprietor (Orbit) that the Office was not satisfied that the requirement for restoration laid down in section 28(3)(a) had been met. Further evidence was in fact filed on 31 March 1994 but that did not alter the Office view, and the matter came before me at a hearing held on 13 June 1994. Mr Iain Purvis appeared as counsel for Orbit and Mr M C Wright attended on behalf of the Office.

The evidence indicates that a series of misunderstandings and communication failures took place between the parties involved in the period leading up to and including the period during which the renewal fee in question could have been paid. Most of them were not directly causative of the failure to pay the fee and Mr Purvis did not rely on them as such, but I think it is necessary to keep them in mind as background circumstances in deciding whether or not the requirement of section 28(3)(a) was met, that is whether or not Orbit took reasonable care to see that the renewal fee was paid in the prescribed period or that that fee and the prescribed additional fee were paid within the six months immediately following the end of that period.

Prior to January 1991 Orbit renewed its patents via a US law firm SHJ&L who used the specialist renewal service provided by Computer Patent Annuities (CPA). In January 1991 Dr Joseph, who is the Chairman of the Board of Orbit and the inventor named in the patent, informed CPA's American liason office (CPAI) that Orbit were in financial difficulties. At about this time Dr Joseph was aware that the date for payment of the renewal fee could be extended by six months but mistakenly gained the impression that a further extension beyond that was possible. It is firmly denied by Ms Huffman, an experienced employee of CPAI, that incorrect advice about the extension of the period for paying a renewal fee could have come from CPAI. In the event no attempt was made to delay the payment of the renewal fee beyond the allowed six months and Mr Purvis placed no reliance on Dr Joseph's misconception or its possible origins.

On 25 June 1991 Mr Singletary, who at that time was the President of Orbit, instructed CPAI that Orbit was to be billed directly for all patent renewals and that all the renewal fees which had become due in January 1991 were to be paid. These instructions were passed on to CPA in Jersey and a new account numbered '398 was opened in the name of Orbit. All of the relevant Orbit patents were renewed, but this particular patent seems to have been dealt with by CPA as something of an afterthought. CPA sent to Orbit a debit note dated 30 June 1991 and a facsimile statement dated 3 July detailing the patents which were being renewed but neither of these mentioned the present patent '505. Orbit sent a cheque for the amount stated to be owing but did not question the fact that this particular patent had been omitted. However, CPA did discover in time that '505 should have been renewed along with the other patents. They paid the necessary fees, informed Orbit that '505 was being renewed and sent a debit note. Orbit paid CPA for the renewal of '505 but again did not question CPA as to why '505 had been dealt with later than the other patents, at least some of which had the same due date of 12 January. Mr Purvis cited this chain of events as being indicative of something wrong in the CPA system which allowed '505 to slip through unnoticed.

On 29 August 1991 Orbit changed its address to the home address of Dr Joseph in Los Angeles, but Mr Singletary continued to reside at the Playa Del Rey address which CPA had

on their records. Dr Joseph says that he notified Ms Huffman at CPAI of the change of address by telephone in August 1991 and has produced documentary evidence which indicates that he was in contact with CPAI at that time, but Ms Huffman has no recollection of being told of the change of address and has been unable to find any record of any telephone conversation relating to it. My impression is that Ms Huffman normally was quite meticulous in keeping records of conversations with clients. However, nothing appears to depend on this failure in communication. Mr Singletary passed on any Orbit correspondence he received and no vitally important correspondence from CPA seems to have gone astray. I say this because although Mr Singletary failed to receive the official overdue reminder PREN5 which was forwarded by CPA on 5 March 1992, the non-receipt of this reminder is of no significance whatsoever, Dr Joseph being fully aware at that time that the renewal fee on '505 was overdue. There is absolutely no doubt about that.

I now come to the more significant events leading up to the non-payment of the renewal fee in question. On 26 September 1991 CPA sent a reminder quoting account number '398 and relating to Orbit's patents which were due for renewal in January and February 1992, including the present patent. All except one of the thirteen patents listed had the same renewal date as the present patent, *ie* 12 January. The reminder was sent to Orbit at Mr Singletary's address in Playa Del Rey and in due course Mr Singletary passed the reminder on to Dr Joseph. Orbit did not then instruct CPA to pay the renewal fees, and did not contact CPAI in relation to them until March 1992 when Dr Joseph spoke to Ms Huffman. He asked her which of the patents which had fallen due for renewal would be the most expensive to renew later.

Dr Joseph says that Ms Huffman advised him that it would be most expensive to extend the period for payment on two UK patents ('331 and '347) and a US patent ('654) and that the cost of renewing them at this time would be \$1300. The present patent '505 appears not to have been mentioned, though it would have been just as expensive as '331 and '347 to renew later. Mr Purvis argued that this was another example of '505 slipping through the CPA net. Whether it was or not, seems to me to be quite irrelevant. Dr Joseph knew that the renewal

fee was overdue and decided to delay payment further. That is all that matters. Dr Joseph did not question why further extension of the time for renewing '505 should be less expensive for '505 than for the others having the same date, and even if he had been told that '505 was in the same category as the others, it cannot be concluded with absolute certainty that the decision would have been taken to renew '505 then.

On 12 March Dr Joseph returned the payment slips which had been attached to CPA reminder sheets for account number '398 - patents '331, '347 and '654 were marked for renewal but '505 was not. Accompanying these slips was a cheque for \$1300 - an amount sufficient to pay the renewal fees on the three patents marked but not the additional fees for late payment. There was no covering letter and both the cheque and the envelope in which it was sent clearly carried the name "OTI Technologies Inc". The address was that of Dr Joseph in Los Angeles.

CPA noted that this name and address did not correspond with those on the account which they had set up for Orbit Technologies Inc ie '398, and followed its normal procedure upon receiving payment from an apparent third party by setting up a new account, numbered '484, in the name of OTI Technologies Inc. (OTI), and transferring the three patents concerned to this new account. It is not for me to comment on the appropriateness of this procedure, but I do find it extraordinary that a new account should be set up in this way without first consulting the person named in the original account as the proprietor of the patents concerned. The other Orbit patents remained on the original account '398.

Subsequent correspondence from CPA concerning the amount owing for the payment of the late fines on the three patents which had been renewed in March was addressed to OTI at the Los Angeles address where Dr Joseph received it. He did not query the fact that this correspondence was addressed to OTI instead of Orbit - perhaps they were indeed one and the same -, nor did he notice - which I think was understandable - that a different account number was now being used.

Dr Joseph says he telephoned Ms Huffman at CPAI on 11 June 1992 and told her to pay the fees due on the remaining patents and send him a statement of monies owed. Ms Huffman for her part says that she recalls the conversation and that it is clear from the notes she made on the telephone log for that date that, at least as far as she was concerned, they were discussing Dr Joseph's account '484 and she was unaware of the existence of the original account '398 which had been split by CPA. She gave him the information that the sum of \$540 was outstanding. This sum represented the late fines on the patents which had been renewed in March. Dr Joseph says he was speaking of all the patents being handled by CPA wherein he was the inventor and for which annuities had not yet been paid.

This was the crucial misunderstanding which finally resulted in the failure to pay the renewal fees on the Orbit patents which remained on account '398. It was not until CPA's letter of 14 July 1992 and accompanying statement dated 30 June 1992 for the \$540 owing on account '484 had been received by Dr Joseph that he queried the amount which appeared too low for the renewal fees and fines payable on the ten patents which had not been renewed. I cannot imagine how Dr Joseph could have thought, when speaking to Ms Huffman on 11 June, that the \$540 she said was outstanding covered all the fees and fines owing on ten patents when he had paid \$1300 to renew three in March. I am confident that if he had queried the amount then and made it clear that he was referring to the Orbit patents the position could have been retrieved.

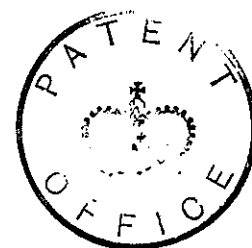
Ms Clarke of CPA says in paragraph 10 of her declaration that after the Orbit account had been split reminders continued to be sent to account '398 in respect of the patents remaining on that account. Dr Joseph says that the records of Orbit do not support what Ms Clarke says. I think possibly Ms Clarke is in error here because the CPA system, as I understand it, would not have generated any more reminders in the period March to July 1992, other than forwarding the official overdue reminder, which was done. Mr Purvis seemed to agree that this would have been the case, but accepted that if one or two reminders did slip through the net, nothing turns on it.

According to Mr Purvis the root cause of the failure to renew the patent was CPA's action in splitting account '398, but Orbit themselves unwittingly contributed to that, and in the final analysis I do not think it was the splitting of the account which caused the failure to renew the patent. Rather it seems me that the failure was caused by Dr Joseph not making it clear to Ms Huffman what the nature of his enquiry was on 11 June 1992 and not questioning the answer she gave which was, and in my view should have been recognised by Dr Joseph as being, clearly inconsistent with what he had in mind. I thus find that reasonable care was not taken by the proprietor in seeing that the renewal fee was paid and refuse the application for restoration.

Dated this 8 day of July 1994



K E PANCHEN
Superintending Examiner, acting for the Comptroller



THE PATENT OFFICE