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PATENTS ACT 1977

IN THE MATTER OF an application
under section 28 for restoration
of patent GB 2219974 in the name of
Latchworth Limited

DECISION

Patent GB 2219974 was granted for a "Spray Reducing Means" in the name of Latchworth Limited, who were notified of grant in a letter dated 20 February 1992. Notice of grant was then published in the Official Journal (Patents) on 15 April 1992. No renewal fees were paid on this patent, which therefore ceased at the expiry of the period for paying the first such fee, which was set by Rule 39(1) of the Patents Rules 1990 as three months from the advertised date of grant, that is 15 July 1992. An application for restoration was made on 11 February 1994, which was within the period prescribed in Rule 41 of the Patents Rules 1990 of nineteen months from the date of ceasing. After consideration of the circumstances the Office indicated to the applicants for restoration that it was unable to accede to their application. The proprietors did not accept the Office's view and the matter thus came before me at a hearing on 10 June 1996, at which the proprietors were represented by Mr N Hickling and Mr H M Macarthur and the Office was represented by Mr I Sim.

This brief resume will be enough to make clear that an unduly long time, some two and one-third years, has elapsed between the making of the restoration application and its hearing. The successions of title that have occurred in this case are both cause of this delay and central to the issue of allowability of restoration, and it will therefore be necessary to describe the chain of title in some detail. Several phases can be distinguished:

(A) **Kevin Peter White,** the inventor of the present invention, made the patent application on 31 March 1988. He was represented by patent agents Wolff & Lunt.

(B) **Latchworth Limited**, a company set up in January 1990 by Mr White in conjunction

with his then business associate, Hugh Maxwell Macarthur, became the patent applicant by virtue of an assignment dated 25 June 1990 from Mr White to Latchworth Ltd. The patent application was successfully prosecuted by Wolff & Lunt who as noted above received the Patent Office's standard grant letter of 20 February 1992.

(C) **Dissolution of Latchworth.** Unfortunately Latchworth Limited did not comply with company law - it was not particularised how - and was struck off the Companies Register on 11 February 1992 and dissolved by notice in the London Gazette on 18 February 1992, that is, two days before the date of the patent grant letter. In accordance with company law (the Companies Act 1985) any assets held by a company at the date of its dissolution are *bona vacantia* and (except for Lancashire-based or Cornwall-based companies) belong to the Crown. The Crown's representative here is the Treasury Solicitor (BV). It thus appeared that Latchworth's assets, including its patent application, passed to the ownership of the Crown two days before the patent application was granted.

(D) **Crown ownership.** Following non-payment of the first renewal fee, the Patent Office issued the reminder letter required by rule 39(4) on 13 August 1992 to Latchworth Limited, care of their agents Wolff & Lunt. At this time there was apparently some delay before the officers of Latchworth Limited became aware of the demise of their company and it was then only via their patent agents, who in attempting to secure payment of outstanding professional fees, instituted a company search in September 1992 and told Mr Macarthur the situation in a letter dated 20 November 1992. The renewal fee may have been paid at any time within the period 15 April 1992 to 15 January 1993 (subject of course to penalty fees in the final six months) but it is nevertheless clear, and is not in dispute, that the patent was throughout that time in the name of a defunct company and that the Crown had effective ownership of the patent as an asset of that company.

(E) **Assignment to Mr White.** Upon application to the Treasury Solicitor, the patent was assigned back to Mr Kevin White by deed dated 24 February 1995. The Patent Office has however indicated that, since this deed is signed only on behalf of the Treasury Solicitor and not also by Mr White, there is some doubt as to whether it is effective to assign the patent: section 30(6) of the Patents Act 1977 requires any assignment of a patent to be in writing and

to be "signed by or on behalf of the parties to the transaction" if it is not to be void. The chain of title of the patent subsequent to its ownership by the Crown is not material to the issue of why renewal fees were not paid in the window of time allowed, but it is at least relevant to who may now pursue the application for restoration of the patent, and that is why I am dealing with the point.

(E) **Assignment to Moses Spoiler Company Limited.** The final stage in the progress of the lapsed patent was its assignment on 18 July 1995 to a further company called the Moses Spoiler Company Limited, which appears to be another joint venture between Mr White and Mr Macarthur. The assignment document was duly signed but there is an unresolved issue concerning payment of stamp duty which has prevented the office accepting the assignment.

This application for restoration has had a similarly eventful history. Launched in February 1994 by Messrs White and Macarthur jointly with professional representation by Wolff & Lunt, evidence was filed in August 1994 comprising statutory declarations from Mr White, Mr Macarthur and Mr F P Wolff. The application for restoration made on Patents Form 16/77 was amended to remove Mr Macarthur as a party in September 1994 with the result that the application thereafter showed Mr White's name only. The office was then presented with the two assignments mentioned above, which if accepted as valid would have established a chain of title from the Crown to Mr White and then on to the Moses Spoiler Company Ltd. However, as noted above both assignments had raised questions as to their validity. To progress the application it was necessary to come to a view as to who should take over the application and be represented at the hearing. In an office letter of 6 February 1996 the *prima facie* view was set out that the Moses Spoiler Company Ltd should take over the application and should appear at the hearing: this letter was copied to both Mr White and the Treasury Solicitor to give opportunity for them to register objections to the office's view, but no such objections were forthcoming. The office set out the basis for the hearing in a letter of 26 February 1996, that it was to allow the Moses Spoiler Company to present their case for restoration of the patent based on all the evidence filed to date. The hearing would not go into the question of who might now actually own the patent: that question would need to be resolved only if it were decided that the patent should be restored and subject to completion

of outstanding formalities connected with the assignments. I should add that, as a final twist, Wolff & Lunt withdrew as agents for the applicants in October 1995 and since that time the Moses Spoiler Company Ltd has been represented by its company secretary, Mr N Hickling.

In the absence of objections from any party to this way of proceeding, the hearing was conducted on that basis and Mr Hickling and Mr Macarthur appeared as representatives of the Moses Spoiler Company. Mr Hickling showed himself well aware of his task, which was of course to satisfy me that the test of "reasonable care" in section 28(3) of the Patents Act 1977 had been satisfied in the circumstances of this case. The section states:

> If the comptroller is satisfied that -
>
> (a) the proprietor of the patent took reasonable care to see that any renewal fee was paid within the prescribed period or that that fee and any prescribed additional fee were paid within the six months immediately following the end of that period,
>
> the comptroller shall by order restore the patent on payment of any unpaid renewal fee and any prescribed additional fee.

Mr Hickling did not question that the proprietor of the patent throughout the period when renewal fees could have been paid was the Crown. The steps, if any, that were taken by the Crown to pay those fees are thus of some importance. I was not given any direct evidence on that point, but Mr Hickling told me that the policy of the Treasury Solicitor is one of inaction in preserving intellectual property rights. He read from a letter of 23 February 1995 from the Treasury Solicitor to Mr Macarthur:

> "I have considered the arguments in your letter but I am afraid it is not the Treasury Solicitors practice to apply for the reinstatement of patents or to continue to keep going patents which have vested in the Crown."

Indeed it is not to be expected that the Crown would invest public money in the assets of dissolved companies. That being so, it is in my view very difficult to begin to argue that the

Crown took reasonable care to see that the necessary renewal fees were paid. Mr Hickling attempted to deal with this difficulty by arguing (a) that the Crown would not have known about the existence of the patent and so were unable to pay the renewal fees; or (b) the Crown may not have had the *vires* to pay the fees, but may still have taken all reasonable care; or (c) if it is the Crown's practice not to pay renewal fees, then it is reasonable that they are not paid and the Crown did take all reasonable care in the circumstances. I have to say that ignorance of the existence of the patent (cf *Como's Patent,* SRIS O/84/93), or issues of policy or *vires* which may preclude the payment of renewal fees, cannot be accepted as excusing or compensating the omission of that fundamental requirement which I am looking for, that is, that the proprietor took reasonable care to see that the fees were paid. No evidence has been provided to demonstrate that the Crown took reasonable care to see that the renewal fees were paid, and the indications are that the Crown would not take any such care in the present circumstances. Whether that situation is reasonable in itself is beside the point. I would have expected to see evidence that the Crown, as proprietor, had set up effective arrangements for the payment of the renewal fees: there was no such evidence. Further, the indications that the Crown, on the assumption that it knew about the patent and the requirement to pay renewal fees, would have deliberately elected *not* to pay them, are a further bar to demonstrating the existence of reasonable care. The conclusion therefore seems to me clear and inescapable, that the proprietor of the patent did not exercise that reasonable care which section 28(3) requires as a condition for restoration of the patent.

Mr Hickling also argued that, since Latchworth Limited was dissolved by notice in the London Gazette two days prior to the date on which the Patent Office notified grant of the patent, the Patent Office should not have granted the patent to Latchworth Limited as a non-existent entity, and that no effective grant therefore took place. He invited the Office to now grant the patent to the Moses Spoiler Company Ltd. I do not however accept that the grant of the patent was in any way ineffective: the conditions for the grant of a patent are prescribed in the Patents Act and the Office is not required by the Act to check the continued existence of the applicant before granting the patent. On the other hand, a patent is an item of property which can form part of the assets of a person or company, and there are legal provisions which determine the disposal of those assets if the person dies or the company is dissolved: in the present case the assets passed to the Crown. The grant of a patent to a deceased person or to

a dissolved company is in my view no less effective, as a grant, than any other grant. The grant of this patent appears to me to have been properly made and I see no reason to deem it ineffective.

In conclusion I refuse to order the restoration of this patent. As a consequence it will be unnecessary to resolve the remaining doubts as to who are the present proprietors of the patent.

Any appeal from this decision must be lodged within six weeks after the date of the decision.

Dated this 19 day of July 1996

H J Edwards
Principal Examiner acting for the Comptroller

THE PATENT OFFICE