

IN THE MATTER OF the renewal of  
Patent No. 1268527  
in the name of Phillips Petroleum Co

## DECISION

Patent No. 1268527 dated 28 November 1969 was sealed, under S.19 of the Patents Act 1949, to Phillips Petroleum Co on 26 July 1982. The patent was duly renewed for the fifth year on 26 November 1973 and annually thereafter until 27 November 1978 when the fee for the tenth year was paid. The Patents Register bears no record of payment of the renewal fee due on 28 November 1979 for the eleventh year. It may be noted in parenthesis that the patent in question, being an "existing patent" as defined in S.127(7) of the Patents Act 1977, is, in accordance with Schedule 2, paragraph 1(2), now subject to the provisions of Ss.25 and 28 of that Act governing payment of renewal fees and restoration. Renewal fees were, however, paid subsequently on 15 September 1980, 16 September 1981 and 22 September 1982 for the twelfth, thirteenth and fourteenth years respectively and these were entered on the Register and renewal records as payments for the eleventh to thirteenth years inclusive.

The omission having come to light during 1983 exhaustive searches were made within the Office; these failed to reveal any evidence to show that a renewal fee payment was made in 1979 for the eleventh year. At this time the Office made enquiry to Messrs Langner Parry, the Patent Agents responsible for the payment of renewal fees since 1979. That firm stated, in a letter dated 24 May 1983, that their New York office, which was the one concerned with payment of renewal fees for this particular patent, had confirmed that payment had been made for 1979 but that due to a change of premises they were unable to supply a copy of the payment receipt. On 4 August 1983 an Official letter, pointing out the omission, was sent to the proprietors via Messrs D. Young and Co., the registered address for service in the U K. In a reply dated 2 September 1983, Messrs D. Young and Co said that up to and including the tenth year renewal in 1978 they were responsible for payments of renewal fees but that the proprietors had taken back to themselves responsibility to pay the eleventh year. Messrs D. Young and Co themselves contacted the

proprietors and subsequently <sup>informed</sup> the Office, in a letter dated 11 October 1983, that they, the proprietors, were unable to shed any light on the matter.

Since 1980 the renewal fees paid in respect of this patent have been accompanied by computer produced lists prepared by Messrs Ladas, Parry of New York, the associates of Messrs Langner Parry. The records retained by the Patent Office indicate that this same system was used to pay the Phillips Petroleum Co's renewal fees in 1979 but Patent No. 1268527 was not included in the lists. In the result an Official letter issued on 1 November 1983 to Messrs D. Young and Co stating that in the view of the Office the 1979 renewal fee was not paid, the subsequent renewal fees had been accepted in error and that it was proposed to mark the Register "Patent ceased". At the same time a hearing was offered. The proprietors having availed themselves of that offer, the matter came before me on 18 January 1984 at which Mr H R Lambert, of Messrs D. Young and Co, and Mr Ian C Baillie, of Messrs Langner Parry appeared for the proprietors.

Mr Lambert made three submissions. The first was that, on a balance of probabilities, the 1979 renewal fee was paid and that the mistake was that it had not been entered in the Register. The second was that, the patent having apparently been renewed for several succeeding years and the Office having stated in its receipts that the patent had been renewed, it was now precluded from reversing that statement. The third was that, if the first two submissions failed, the Office had power to exercise discretion to permit either an extension of the period for paying the renewal fee for 1979 or for applying for restoration of the patent. I will deal with these submissions in turn.

As regards the first, it is not disputed that renewal fees were paid regularly up to and including the tenth year, ie 1978, when the responsibility for payment rested with Messrs D. Young and Co. A Statutory Declaration made by Mr D J Sharpe, the records and renewals Manager of Messrs D. Young and Co, supported by exhibit DJS1 attached thereto, states that as from 1 July 1979 his firm ceased to be responsible for the payment of renewal fees. Exhibit DJS1 is a letter to Messrs D. Young and Co from Messrs Ladas, Parry in New York stating that for the future the proprietors had decided to have their patents incorporated into Messrs Ladas, Parry's internal computer control system for the purpose of payment of renewal fees. Enclosed with the letter was a schedule of all the patents which

were to be taken over and this schedule included the present patent. Mr Sharp also states in his Declaration that he cannot trace any record of his having received from the Office the reminder issued under Rule 39(4) of the Patents Rules in respect of payment of renewal fees nor of the notification under Rule 42 in respect of lapsed patents. At this point I should say that there is nothing recorded in the Register or the Office renewal records to indicate that, at the time the renewal fee for the eleventh year was due in 1979, a reminder was issued under Rule 39 (4) or a notification issued under Rule 42, and from this, taken in conjunction with Mr Sharp's Declaration, I conclude that they were not, as a matter of fact, ever sent.

To return to the computer control system operated by Messrs Ladas, Parry of New York, Mr Lambert put in a copy of an Affidavit sworn by Mr David L Benway of that firm. (The original was subsequently filed on 25 January 1984). Mr Benway's Affidavit sets out the workings of the computer system and Mr Baillie explained these to me at some length. As I understand the situation the numbers of all the patents are entered upon the computer. Attached to Mr Benway's Affidavit is Exhibit B which is a computer input sheet in respect of the present patent and which appears to indicate that the patent was so entered. The computer produces, once per quarter, a list of patents due for renewal and, again as I understand it, Phillips Petroleum Co, being a "Block Rate Client", are provided with a list of their own patents. The system is such that renewal fees are paid, as a consolidated sum, unless the client instructs otherwise. The submission made to me was that since this particular patent was entered upon the computer it would necessarily have appeared in the print out, the fee totted up with other patents of the same proprietor and the total sum paid. There would then have been received from the Office a composite receipt such as that at Exhibit E of Mr Benway's Affidavit. Mr Baillie said that any patent not appearing on the receipt but for which a renewal fee should have been paid is then followed up. Since this did not happen in the present case, he said the fee must presumably have been paid, the computer being most unlikely to fail in respect of one patent only entered upon it. Unfortunately, as mentioned above, the proprietors are unable to produce a copy of the Official receipt. Moreover, the Office copies of the lists of 1979 renewals for Phillips Petroleum patents received from Messrs Ladas, Parry do not include the present patent. Further, from inspection of Exhibit B

attached to Mr Benway's Affidavit, ie the computer input sheet, it does not seem to me to be entirely clear as to the exact date when the input was inserted on the computer. Having regard to the above factors I therefore find that the 1979 renewal fee was not paid.

I turn now to Mr Lambert's second submission, namely that the Office, having accepted renewal fees for years subsequent to the eleventh year (1979) are now precluded from asserting that the eleventh year renewal fees were not paid. This is, in my view, tantamount to a submission of estoppel by conduct. I can deal with this quite shortly. Whatever the conduct of the Office it cannot, in my view, alter a provision of an Act of Parliament laying down the consequences of the commission or omission of any particular act. In the present case S.25(3) clearly states that "A patent shall cease to have effect at the end of the period prescribed for the payment of any renewal fees if it is not paid within that period". Cessation is, to my mind, a consequence which must follow if the renewal fee is not paid within the prescribed period irrespective of what the Office subsequently did. I therefore do not accept Mr Lambert's second submission. If, however, the prescribed period may be enlarged so that, even now, the renewal fee may be paid in time, the consequences of S.25(3) will not follow. This brings me to Mr Lambert's third submission.

As I have stated above, there is no Office record that either a Rule 39(4) reminder or a Rule 42 notification was ever sent to the applicants. This is confirmed by Mr Sharp's Declaration in which he states he has no record of ever having received the reminder or notification and I have already concluded that neither was ever sent. There was thus an irregularity in procedure, attributable wholly or in part to an omission on the part of the Office, falling within the terms of the proviso to Rule 100. I therefore have discretion to extend the period prescribed under S.25(3) by Rule 39(1) for the filing of the 1979 renewal fee. This seems to me to be a case where such discretion should be exercised although, due to the lapse of time involved, the extension of time should be subject to terms for the protection of third parties. I therefore decide that if, within 14 days from the date of this decision the applicants file Form 12/77 in respect of payment of the renewal fee due on 28 November 1979 together with the prescribed fee in accordance with the scale of fees in force at that time, the patent shall not have ceased, but will be subject to the

following terms:

"That any person who, between 28 November 1979 (the date on which the patent would otherwise have lapsed) and 13 February 1984 (the date of the decision allowing late filing of Form 12/77 subject to payment of the prescribed renewal fee) has done or begun to do in good faith an act which would constitute an infringement of the patent or has made in good faith effective and serious preparations to<sup>do</sup> such an act, shall have the right -

- (a) to continue to do or, as the case may be, to do that act himself; and
- (b) if it was done or preparations had been made to do it in the course of a business, to assign the right to do it or to transmit that right on his death or, in the case of a body corporate on its dissolution, to any person who acquires that part of the business in the course of which the act was done or preparations had been made to do it, or to authorise it to be done by any partners of his for the time being in that business;

and the doing of that act by virtue of these rights shall not amount to an infringement of the patent.

These rights shall not include the right to grant a licence to any person to do an act so mentioned. Where a patented product is disposed of by any person to another in exercise of these rights, that other and any other person claiming through him shall be entitled to deal with the product in the same way as if it had been disposed of by a sole registered proprietor. These rights shall apply mutatis mutandis in relation to an act constituting the use of the patented invention for the services of the Crown".

Dated this 13th day of February 1984

A F C MILLER  
Superintending Examiner  
Acting for the Comptroller



PATENT OFFICE