BCC/076/87

PATENTS ACT 1977

IN THE MATTER OF an application
by Dytap Revetments (Westbrick) Ltd
for the Restoration of Patent
No 1344995

DECISION

Patent No 1344995 dated 27 October 1971 and granted to Dytap Construction Holdings Ltd was assigned on 19 March 1975 to Dytap Revetments (Westbrick) Ltd. The Patent lapsed on 27 October 1985 due to non-payment of the renewal fee for the fifteenth year. An application for restoration was filed on 11 June 1986 within the period prescribed by Section 28(1). On the basis of the evidence filed the Office expressed the view that it was not satisfied that, as required by Section 28(3), the proprietor had taken reasonable care to see that the renewal fee was paid within the prescribed period, and that the fee was not paid because of circumstances beyond the proprietor's control. A hearing was requested which took place before me on 19 March 1987 and at which Mr M Adkins of Withers and Rogers, Chartered Patent Agents, appeared as agent for the proprietor and Mr S Nead attended on behalf of the Office.

The evidence in support of this application is provided in the form of two statutory declarations by Mr D Bardsley, Director and General Manager of RBS Brooklyns Ltd successors in title to Dytap Construction Holdings Ltd. Dytap Revetments (Westbrick) Ltd is a division of RBS Brooklyns Ltd (hereafter referred to as the Company) which was taken-over by Tarmac Ltd on 21 May 1984.

The following facts emerge from the evidence Withers and Rogers, the firm of patent agents appointed to handle patent matters for the Company, sent reminders to pay the renewal fee for the fifteenth year to the Company on 29 July 1985, 19 September 1985 and 26 November 1985, the latter reminder carrying the indication

that it was the final reminder. Withers and Rogers received no instructions from the Company in response to these reminders. Following the takeover by Tarmac Ltd, various responsibilities, including that for handling patent renewals, were transferred to the Company's Wolverhampton headquarters. This transfer involved inter alia the physical transfer of files to new offices and the departure of some long-serving staff including a Mr Leese, the former Company Secretary, and was not completed until January 1985. Until the date of his departure, which I infer was somewhere between May 1984 and January 1985, Mr Leese held the responsibility for dealing with patent renewals. Prior to his departure Mr Leese obtained instructions from the respective product groups within the Company on all items in the patent budget and sent instructions to the Company Accounts Department to "pay the Withers and Rogers invoice" relating to the renewal of this patent. The Accounts Department has no record of receiving those instructions, possibly because their records are not complete for the period covering the transfer to Wolverhampton, the transfer having created considerable logistic problems for the Company. Following the takeover, Mr Ball, as head of the Company Accounts sections, was responsible to Mr Bardsley for paying cheques to suppliers by a centrally approved date and specifically for alerting Mr Bardsley should instructions to pay not have been received by the due date on items designated as mandatory for payment. The list of mandatory items included patent renewals, such items not being subject to deferment or modification and only needing authorisation of the amount to be paid. Mr Ball, who is described by Mr Bardsley as being a highly competent manager, did not inform Mr Bardsley that instructions awaited from Mr Leese had not been received. Mr Ball himself did not have the authority to decide whether or not cheques or instructions to pay should be issued.

I feel obliged to say at the outset that I do not find the evidence provided in this case to be very satisfactory. However, the proprietors have had the benefit of professional advice, they have been given ample time, in my opinion, in which to put their

case together, and at the hearing Mr Adkins indicated that, as far as he was aware, no further evidence was available. I must therefore assume that the proprietors have put forward the best case that they have to offer, and I will endeavour to do it justice.

Mr Adkins was unable to give precise answers to a number of questions which I put to him in an attempt to clarify certain aspects of the evidence. Thus I remain uncertain as to the precise date at which Mr Leese left the Company, the time of year when the annual budget for each product group was finalised, and who took over the responsibility for patent renewals when Mr Leese left. Mr Adkins was able to say however that he knew the decision to renew the patent in 1985 was taken long before the renewal date fell due and before the reminders from Withers and Rogers were sent out, and that Mr Leese left quite some time before the renewal fell due. Mr Adkins also submitted that the evidence in Mr Bardsley's second declaration makes it clear that the proprietors' system for patent renewals was in operation before and after the takeover by Tarmac Ltd, and he assumed that the new Company Secretary would have taken over the responsibility for patent renewals.

If I understood Mr Adkins correctly, the system which the proprietors had operated successfully in the past, and which they continued to operate following the takeover, was independent of the Withers and Rogers reminders and was as follows. After the proprietors had decided to renew the patent when preparing their annual budget as explained in paragraph 4 of Mr Bardsley's second declaration, the accounts department was forewarned of when to expect an instruction to pay the renewal fee and the Company Secretary was also given the date when payment would fall due. It was then the responsibility of the Company Secretary to instruct the accounts department to pay the fee, and the accounts department were not authorised to issue a cheque without first receiving that instruction. Should the instruction to pay not be given by the due date, the accounts department were to contact

Mr Bardsley, and this provided a back-up.

The evidence as I read it seems to suggest that this system was not in fact in operation in precisely the form which Mr Adkins described for the renewal in question because it is quite clear from the evidence that during the period of the transfer to Wolverhampton, and before Mr Leese's departure, Mr Leese sent an instruction to the accounts department to pay the Withers and Rogers invoice, and this must have been well in advance of the renewal date and in the probable knowledge that Mr Leese would not be in post when the renewal fell due.

When it comes to the question of whether or not reasonable care was taken to ensure that the fee was paid, the onus lies upon the proprietor to establish to the Comptroller's satisfaction that what he did was reasonable in the circumstances prevailing. To my mind the proprietors in this case have failed to discharge that onus. There is nothing in the evidence which satisfies me that appropriate steps were taken to verify that the instruction to pay the Withers and Rogers invoice had been received and understood by the accounts department nor that, if there had been a change in procedure as I suspect, the accounts department was appropriately informed. Furthermore, if in fact the system which was in operation for the 1985 renewal was essentially the same as that which had been used successfully in the past, neither the evidence nor Mr Adkins' description of the proprietors' system gives me any indication that the Company Secretary, be it Mr Leese or his successor, or Mr Ball took any steps to ensure that the instruction to pay, assuming it to have been given, was carried out by the accounts department, and here of course I am applying the criteria supported by Mr Justice Whitford in the case of Convex Ltd's Patent 1980 RPC p427 lines 5-37. I am also at a loss to understand why, if the accounts department had been properly informed about the changes which had taken place consequent upon the takeover, Mr Ball should still have been awaiting instructions from Mr Leese some months, by my reckoning, after Mr Leese had departed, and it is relevant to point out here

I think that by virtue of Rule 39(1) the renewal fee could not be paid before 27 July 1985 and the first reminder from Withers and Rogers was not issued until after that date.

It is also necessary for the proprietors to demonstrate that, having taken reasonable care to ensure that the fee was paid, it was not paid because of circumstances beyond their control, and it is right and proper for me to consider that question also, especially in view of the rather inconclusive, and to my mind somewhat conflicting, explanations I have been presented with on the question of reasonable care. There are two points here.

The first point concerns the matter of the disruption caused by the reorganisation which took place between May 1984 and January 1985, and on this point I am not convinced that the special circumstances which prevailed during that period and possibly for some time subsequently were such that they would have prevented the passing on of the instruction to pay had reasonable care been taken in the transmission of that instruction to the accounts department, and I am even less convinced when it comes to considering what preventative effect those circumstances might have had on the retrieval of the situation, assuming that the accounts department had not received the instruction, when the reminders started to arrive.

That brings me to the second point which is the staff error which Mr Bardsley attributes to Mr Ball. It is my view that the Withers and Rogers reminders, which Mr Bardsley does not suggest were not received by the Company, ought to have brought to light Mr Ball's omission or to have prevented its occurrence. I say that because the reminders should have been directed to a responsible person who, upon receiving them, should have authorised payment or, if initially under the impression that the matter was in hand, ought to have been alerted to the fact that something had gone wrong by the time that the final reminder arrived. Withers and Rogers were engaged to provide the reminder service, and it makes no sense at all to me for the proprietors to totally ignore the reminders.

Even if the reminders did not form a central part of the proprietors' system, if properly handled they should have provided the required protection against the type of staff error which has been pleaded.

In the result I am not satisfied that the requirements of Section 28(3) have been fulfilled and I refuse the application for restoration.

Dated this 22nd day of April 1987

K E PANCHEN
Superintending Examiner, acting for the Comptroller