

PATENTS ACT 1977

IN THE MATTER OF an application
by VSR Engineering GmbH
Födertechnik for the restoration of
Patent No EP(UK) 0244590

0/00/95

DECISION

The renewal fee in respect of the sixth year of the patent fell due on 6 March 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 6 March 1992 by virtue of section 25(3). The application for restoration was filed on the last day of the period prescribed under rule 41(1)(a), namely 6 October 1993. Evidence in support of the application was not filed until 23 February 1994. At the request of the office, further evidence was filed, after some delay, on 21 June 1994.

On 20 July 1994 the office issued a letter indicating that the evidence filed contained insufficient information to satisfy the Comptroller, as required by section 28(3), that the proprietor took reasonable care to see that the renewal fee was paid. The reason given was that there was no confirmation in the evidence that the proprietor had issued renewal instructions following the receipt of reminders or had used adequate supervision to ensure that staff, who were delegated payment responsibility, took the necessary action. A hearing was requested and was appointed for 24 November 1994. On 4 November 1994 a third statutory declaration by Mr Rappen, the Managing Director of the proprietor company (VSR), was filed and this addressed the points raised in the official letter dated 20 July 1994.

At the hearing the proprietor was represented by Mr J W M Carpmael of the firm Carpmaels and Ransford, Chartered Patent Attorneys, and Mr I Sim attended on behalf of the office.

Since 1986 VSR had delegated intellectual property matters to Patentdienst Jakwerth, a patent management company which, as I understand it, operated as an intermediary between VSR and the authorised representative before the European Patent Office, a Mr Schneider. Prior to grant of the patent, Mr Schneider received instructions from Jakwerth for the prosecution of the application at the European Patent Office. It was Mr Schneider's responsibility to notify Jakwerth when maintenance fees became due, but Jakwerth informed VSR and saw to the payment of the fees. After the application was in order for grant Carpmaels and Ransford (C & R) were appointed as address for service in the United Kingdom in October 1990. The Decision to Grant was not issued until 7 August 1991 because VSR did not pay the fifth European maintenance fee within the normal payment period which ended in March 1991.

On 7 November 1991 C & R advised Mr Schneider that renewal matters for the United Kingdom patent would be handled by the specialist firm Computer Patent Annuities (CPA). Mr Schneider did not receive the first and second renewal reminders which were issued by CPA in respect of the renewal fee which was due on 6 March 1992. The first such reminder received by Mr Schneider was the third issued by CPA and was dated 25 March 1992 *ie* after the due date. Mr Schneider faxed this reminder to Jakwerth on 2 April 1992. Another reminder from CPA dated 18 April 1992 and the official overdue reminder dated 4 April 1992 were received by Mr Schneider who faxed them to Jakwerth on 30 April 1992. A final reminder from CPA was faxed to Jakwerth by Mr Schneider on 10 August 1992.

Jakwerth have declined to submit evidence for the applicant so it is not clear whether they relied on receiving the CPA reminders or made other arrangements with regard to renewal fees. What is clear is that they sent VSR an invoice dated 3 April 1992 which, in the certified translation filed, is worded thus:

"European Patent Application 0 244 590 "Stripping Device" = 87 103 237.1 (109)
(Great Britain)

In the above matter we take the liberty of sending you our account for the following services: (Then there is a list of charges for the 6th annual fee, handling the grant

process and VAT before continuing)... In order to settle the fees within the period stipulated please pay the amount stated above by crossed cheque to reach us by 09.04.1992. If payment is not made within the period stipulated it can be expected that the application will be rejected by the Patent Office."

Jakwerth sent VSR another invoice dated 1 July 1992 for the same amount. The invoice was worded in similar terms to the previous one except that this time immediate payment was requested and there was no warning of the consequences of not paying promptly. No reference was made to the earlier invoice sent in April. No other invoices or reminders in respect of the sixth year appear to have been issued by Jakwerth either before or after those just referred to. However, on 20 January 1993 Jakwerth did send VSR a letter concerning the seventh annuity for the European patent application, which letter made no reference to any non-payment the previous year.

Both of the invoices sent by Jakwerth were received by VSR. The procedure at VSR for dealing with such invoices was that when Mr Rappen had approved of the payment he would pass the invoices to his finance manager. Up to the end of June 1992 this was a Mr Dorsch and after that it was a Ms Kranz. Because VSR had cash flow problems over the relevant period, the finance managers had been given absolute discretion over when the invoice should be paid provided only that it should be paid well before the last possible day so as to make sure that the patent did not lapse through non-payment of annual fees. Nevertheless neither of the Jakwerth invoices was paid.

Mr Dorsch states that he was familiar with the possibility of paying annuities (renewal fees) before the due date without a fine or within a period after the due date together with a fine. He had in his files a printed copy of the European patent application and it was known to him that the due date was 6 March each year and, with a fine, six months later. For that reason he says that it would not have made sense to pay the 3 April 1992 invoice in a hurry but rather to wait until the next or even the last reminder from Jakwerth. The evidence does not explain how many reminders or invoices Jakwerth would normally send or when they would be sent, but it is known that one more was sent on or about 1 July 1992 just over two months in advance of the final date on which the renewal fee could have been paid. It is quite

clear that Mr Dorsch was aware of the time limits and understood what was required to ensure that the patent did not lapse. In the absence of any other explanation therefore I think it must be assumed that the fee was not paid in response to the 3 April invoice because Mr Dorsch deliberately chose not to pay at that time or up to the time he left the employment of VSR at the end of June 1992.

Ms Kranz had for years been the Head of Accounting for VSR before taking over as finance manager on 1 July 1992. She was instructed to pay patent renewal fees in the very same way as Mr Dorsch had been instructed. She does not know what happened to the 1 July 1992 invoice but suggests that it was not paid as a result of it being assumed that the sixth annuity had already been paid to the Patent Office (I think she means by Jakwerth) because the invoice bears an indication that it was being sent for work which had already been effected, so there was no special hurry to pay. In this respect she translates the first part of the invoice as:

"we allow us to charge to your account for the following works/services done"

and points out that there is no indication on the invoice that it was urgent or that there was a deadline to meet (even though the invoice requests immediate payment).

The wording in German of the translation just quoted is in fact precisely the same as that used in the 3 April 1992 invoice and on an invoice dated 8 November 1990 in respect of the fifth European maintenance fee and, as indicated above, the certified translation contains no specific indication that all the services listed had already been effected. I can accept that the position is made less clear on the 1 July invoice than it was on the 3 April invoice. I can also accept from the various invoices furnished in the evidence that Jakwerth were in the habit of requiring payment at short notice even when there was in fact the possibility of paying later, but Mr Dorsch was under no delusion that the service of paying the renewal fee had already been performed, and for Ms Kranz to claim that the wording was misleading in this respect seems to me to intimate that she did not fully understand how Jakwerth operated or how to determine when the fee was due. It is also to be noted that, unlike Mr Dorsch, she says nothing about knowing when the renewal fee became due or about being aware that

there was a deadline attached to the payment of it.

Mr Carpmael put great emphasis on the poor service provided by Jakwerth in this matter and poor it certainly was, but, at least with regard to the nature of their communications, it does not seem to me to have been any worse over the relevant period than it had been earlier when Mr Dorsch had managed to ensure that the fees due were paid within the time available. Mr Dorsch clearly understood what was required of him, including the need to pay the renewal fee by the due date or in the following six months, regardless of the manner in which Jakwerth communicated to VSR and the absence of any specific reminder of the deadline for payment to the Patent Office or the consequence of non-payment. The consequence of non-payment was in fact known to all those concerned at VSR so I cannot give as much significance to the failure of Jakwerth to spell this out as Mr Carpmael urged me to. Nor can I give much weight to the erroneous references by Jakwerth in their invoices to the "application" because I consider that, despite Mr Carpmael's submission to the contrary, the evidence strongly suggests to me that Mr Rappen and his finance managers were aware that a patent had been granted. In any event the seriousness of the consequence of not paying a maintenance fee on an application would have been similar.

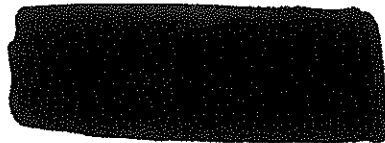
Mr Carpmael also contrasted the invoices sent by Jakwerth to those normally sent by firms such as CPA in terms of the number sent as well as their content, but the evidence does not imply that Jakwerth failed to live up to their normal standard, poor though it may have been, or that this level of service had caused problems in the past. The last Jakwerth invoice in respect of the sixth year renewal fee was sent over half way through the six months following the due date, and although both Mr Dorsch and Ms Kranz express the opinion that the fee would have been paid had any last reminder from Jakwerth been received explaining the consequence of non-payment, it is not contended that Jakwerth were in the habit of sending reminders or invoices later than this. Certainly Mr Dorsch, from what he has said, does not appear to have relied on Jakwerth informing VSR what the due date or the final date was, and both he and Ms Kranz say they knew that the patent would lapse if the fee was not paid in time.

The fact that the official reminder that the fee was overdue was not sent on to VSR does not help the proprietor's case in my view. The fee was already overdue when both of the Jakwerth invoices were received and Mr Dorsch must have been aware that the due date had passed when the 3 April invoice was received. Mr Rappen says in his third declaration that he arranged for adequate supervision of his finance managers but he did not have the duty to supervise them in too much detail. He received monthly a finance report which showed invoices which were received, but not yet paid, for all the various suppliers, legal advisers and so on. By this sort of supervision he made sure that no invoice remained unpaid after the last due date. Clearly if Mr Rappen did not know the dates by which payment of the renewal fee had to be made, as Mr Carpmael submitted, then this method of supervision was ineffective and it was all left to the finance manager.

That being the case, it was, at the very least, incumbent on Mr Rappen to ensure that his finance manager, whom he knew would delay payment beyond the due date because of the cash flow problems, was well aware of the final date. I am satisfied that Mr Dorsch was so aware, but not that Ms Kranz had been adequately instructed in the matter and understood what was required of her.

I am therefore not satisfied that VSR exercised the reasonable care required by section 28(3) to see that the renewal fee in question was paid, including ensuring that his new finance manager Ms Kranz knew the final date beyond which payment of the fee could not be delayed, and as a result I must refuse the application for restoration.

Dated this 9 day of December 1994



K E PANCHEN
Superintending Examiner, acting for the Comptroller



THE PATENT OFFICE