

PATENTS ACT 1977

IN THE MATTER OF an application for the restoration of Patent No 2134093 in the name of EPS Research Ltd

DECISION

Patent No 2134093 ceased on 31 October 1990 through failure by the proprietors to pay the renewal fee in respect of the eighth year of the patent, this fee being payable either within the three months leading up to the due date of 31 October 1990 or, upon payment of an additional fee, in the six months following that date as prescribed. The application for restoration was filed on 17 May 1991, well within the period prescribed by rule 41(1) of the Patents Rules 1990.

The requirement which has to be met for restoration of this particular patent to be allowed is set out in section 28(3) of the Act as amended by section 295 and Schedule 5 of the Copyright, Designs and Patents Act 1988, that is to say:

- (3) 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 Office communicated the view to the proprietors (EPS) that it was not satisfied that the above requirement had been met, and, a hearing having been requested, the matter came before me on 23 April 1992. EPS were represented by counsel Mr A Drysdale Wilson and Mr M C Wright attended on behalf of the Office.

The evidence produced by Ms Mercier, technical co-ordinator at EPS, and by Mr Clark, a Canadian patent agent, shows that for some years, until early 1991, EPS had severe financial problems. Ms Mercier had no experience of patent work and was only given responsibility for patents because of staff shortage at EPS. Nevertheless she was aware that most countries require patent renewal fees to be paid and she also knew that the firm of patent agents acting for EPS required advance payment from EPS for any substantial disbursements.

Successive renewal reminders for the patent were sent to EPS by their patent agents from July 1990 onwards but EPS could not pay the renewal fee by the due date because they were directing their financial resources to manufacturing and sales in an effort to keep the company alive. EPS therefore let the due date pass having ascertained that six months extension of the period for paying the renewal fee was available with penalty.

Ms Mercier says that she frequently consulted with Mr Clark but never discussed details of the renewal dates and believed that when she was told that a fee was due by a certain date that meant that their patent agents in Canada had to have the fee by that date. Eventually EPS obtained funds for the renewal of the patent and for another matter by means of a loan from a stockholder, and Ms Mercier was able to send a certified cheque, for an amount sufficient to cover both matters, to the Canadian patent agents on 30 April 1991. The cheque was delivered by courier to the office of the agents in Vancouver late in the afternoon of the same day, but this was too late for the fees to be paid in the UK Patent Office within the prescribed six months extension period. In short, as Ms Mercier puts it, she was delayed in obtaining funds until the last possible moment mainly because of EPS's financial problems, and her inexperience in patent matters misled her into miscalculating when that last possible moment was.

There seems to be an implication here that, whatever date Ms Mercier believed to be the final date for payment, and whether or not she had taken the 8 hours time difference between Vancouver and the UK into account, the provision of funds for payment of the renewal fee would have been left until the last possible moment, indeed Mr Drysdale Wilson submitted that there would be a reason for doing this as it enabled the company to use their funds elsewhere or to avoid borrowing until the last possible minute.

It was also argued by Mr Drysdale Wilson that, for a small company such as EPS, it was reasonable to nominate a person to take responsibility for patent renewals even though that person had no experience in patent matters, that EPS had sufficient funds and therefore the intention to renew the patent before the final date, and that the failure to renew the patent was caused by a mistake by a competent employee Ms Mercier - it was a matter of someone not thinking about the 8 hour time difference.

Whilst I accept that a proprietor in a relatively small way of business may have no option but to nominate a person with no patent experience to take charge of patent renewals, and that may have been the case here, I have reservations about the other two limbs of the argument.

It was I think the intention of EPS to renew the patent provided sufficient funds were available, other demands which had higher priority in their eyes having been met first. It is not clear to me from the evidence precisely when funds earmarked for renewal of the patent became available, all that is clear is that it was between 24 and 30 April 1991.

In Ling's Patent and Wilson's and Pearce's Patent [1981] RPC at p 95 lines 18-30 Whitford J stated what he considered a lone proprietor in the circumstances of those particular proprietors ought to do if he is to take reasonable care to see that a renewal fee is paid by the due date.

"First of all he has got to take some step to ensure that in some way or another he is reminded that the due date is about to arrive. He has got to take care to ensure that he is reminded in sufficient time before the due date to enable him to find out how much he has to pay and to get the money off to the Office."

Then at p 96 lines 3-5 he made a similar statement regarding the payment of a renewal fee within the extension period.

"... he has to take care, as under the first part of sub-section 3(a), to find out what fee is due and what any additional fee due may be and to secure that the money is sent off in sufficient time."

As I understand it, EPS is a relatively small company based in Canada and acted through a patent agent in that country as far as renewal of the patent was concerned, but I do not think that the different nature of the proprietor in this case makes the obligations placed upon EPS by sub-section 28(3)(a) any less onerous than those placed on a proprietor of the sort considered by Whitford J in the reported case just referred to.

It seems to me therefore that, for EPS to have taken reasonable care to see that the fee was paid within the extension period, they should have taken some steps to ensure that the necessary funds were not only available but were sent off to their patent agent in sufficient time for the fees to be paid in the UK Patent Office before the end of the working day there on 30 April.

If it were the case that the necessary funds could have been made available earlier than they were, there may be good reason for EPS not having paid the renewal fee at the earliest opportunity, but to delay deliberately until the very last possible moment in my view is a dangerous game to play and is quite contrary to the requirement that reasonable care is taken to see that the fee is paid, as it must be, in time. Of course it may be that EPS were relying on Ms Mercier's impression that the last possible moment for the necessary funds to be in the hands of their Canadian agents was the end of the day on 30 April, but even so, to delay the provision of funds deliberately to such an extent would leave so little margin for recovery should anything go wrong that I am still of the view that reasonable care to see that the fee was paid would not have been taken.

The other possibility is that funds simply could not have been made available any earlier than they were. I do not think that, strictly as a matter of fact, that was the case, but if it were it would merely mean that funds were not available in time for the fees to be paid in the UK

Patent Office by the last day of the extension period, and as I see it the requirement that reasonable care should be taken would not be met because the positive intention to renew the patent would not have been formed in time for the payment to be made.

I have been asked to accept that it was Ms Mercier's misunderstanding, that 30 April 1991 was the date by which funds had to lie in the hands of the Canadian patent agents rather than the date by which the fees had to be paid in the UK Patent Office, which caused the failure to pay the fees in time. As I have indicated earlier, I do not believe that this misunderstanding fundamentally affects the issue of whether or not reasonable care was taken to see that the fees were paid in time. Had Ms Mercier not erred or had erred sufficiently on the right side of the actual final date then quite possibly the necessary funds could have been sent to the Canadian patent agents in time for them to pay the fees, but I see no anomaly in that because patents can be and sometimes are renewed by good fortune even when the renewal system is thoroughly unreliable. As it happened, Ms Mercier's error was probably no more than a matter of hours on the wrong side, and that gives a measure of how small the error was and how closely things were left to run.

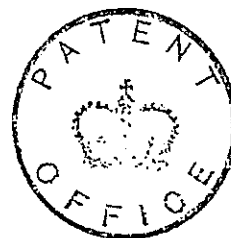
Thus whether or not Ms Mercier was a competent and properly selected and instructed employee who made a mistake which was not within her employer's control does not appear to me to be crucial to the question of reasonable care being taken by the proprietor if her employer determined when the funds should be made available on the basis of the date given by Ms Mercier.

However, it may not be appropriate to view the case in that light. In the penultimate paragraph of her affidavit Ms Mercier states that she eventually obtained funds from a stockholder and was then able to send a cheque to the Canadian patent agents. This seems to indicate that Ms Mercier had been given the responsibility of obtaining the money to pay the fees, and this interpretation was used by Mr Drysdale Wilson in arguing that the proprietor had a reasonable system in that Ms Mercier had been made responsible and had been told to get the money by the date because it was the company intention to pay the fees.

Again there is more than one way of looking at this. If Ms Mercier was a mere employee it does not seem to me that EPS can have formulated a firm intention to renew the patent if negotiation of a loan or some other financing arrangement had been left to her - she might not have been successful. If, on the other hand, EPS had negotiated an agreement for a loan but had left it to Ms Mercier to actually obtain the money with the intention of using it to renew the patent, then the position is that EPS had not provided Ms Mercier with funds in good time for the patent to be renewed but had left them in the hands of another party. In this context it is important to note that the evidence of Mr Clark indicates that, with less than a week (including a weekend) to go before the final date on which the patent could be renewed, Ms Mercier was still not entirely sure that money would be available to EPS to pay the fees. At that time Ms Mercier also said that she would write and send a cheque as soon as the money became available, and there is nothing to suggest that she did not live up to her word.

In summary therefore, having examined the circumstances in depth and from various angles I am not satisfied that the proprietor took reasonable care to see that the renewal fee in question was paid within the prescribed period and accordingly I refuse the application for restoration.

Dated this 18 day of May 1992



K E PANCHEN
Superintending Examiner, acting for the Comptroller

THE PATENT OFFICE