Miss Durow
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PATENTS ACT 1977 BL C/014/96

IN THE MATTER OF an application
by Lermer Gmbh for the restoration of
European Patent (UK) No 0072491

DECISION

The renewal fee for the twelfth year of this patent was due on 4 August 1993. It was not paid by that date, nor was it paid during the six months immediately following as allowed by section 25(4), so the patent lapsed. The former proprietor, Lermer Gmbh, applied for restoration of the patent on 26 October 1994, within the period permitted under rule 41(1) of The Patents Rules 1990.

On the basis of evidence filed by the applicant, the Office expressed the view that the proprietor had not taken reasonable care to see that the renewal fee was paid, as required by section 28(3). The applicant did not accept this view, and so the matter came before me at a hearing on 1 December 1995. The applicant was represented by Mr Adkins of the patent agents Withers & Rogers. Mr Sim attended on behalf of the Office.

The evidence now on file consists of three affidavits by a Herr Albers, to which a number of letters from other people are attached as exhibits. From this evidence, the sequence of events during the period when the renewal fee might have been paid is fairly clear.

Lermer Gmbh, a medium-sized company with about 500 staff, was being run by Herr Willy Lermer, its Managing Director. Herr Emmrich was in a post variously described as Sales Manager, Head of Sales and Technology, Head of Sales and Sample Test, and Development Manager. On 1 April 1993, at which time the company was getting into financial difficulties, Herr Albers was brought in as Technology and Production Manager. In June, their German patent agents sent the company a reminder that the renewal fee would shortly become due. On 7 July, the agents telephoned Herr Emmrich to enquire about the renewal. He told them that the fee was not to be paid. Accordingly, they did

not pay the fee and sent no further reminders to the company. On 16 July, Herr Albers was appointed Managing Director, and shortly afterwards Herr Lermer "made off into a foreign country". Herr Albers was unable to save the company, and in October bankruptcy proceedings were initiated. Five months later, the trustee in bankruptcy sold Lermer Gmbh to "Lermer Germany Gmbh", and shortly afterwards Herr Albers was appointed Managing Director of the latter. The contract of sale included, as a standard clause, a reference to all patent rights, though both the trustee in bankruptcy and Herr Albers say that they were not actually aware of the existence of any such rights. However, the clause prompted Herr Albers in due course to make a search for any industrial property rights, and it was then that the existence of the patent and the fact that it had not been renewed came to his attention.

That, in a nutshell, is the history. Now, under section 28(3), the applicant has to satisfy me that reasonable care was taken to see that the fee was paid. At the hearing, Mr Adkins went to some trouble to persuade me that Herr Albers and the trustee in bankruptcy had taken reasonable care during the gap between the Herr Emmrich's instruction on 7 July 1993 that the patent should not be renewed and the later search for patent rights. That may or may not be so, but there is another hurdle that the applicant has to cross first. In the recently-reported case of Atlas Powder Co's Patent [1995] RPC 666, Morritt L J, expressing the Court of Appeal's decision, said that:

> "In my view it is necessarily implicit in the words "to see that" that the patentee should intend or have taken some steps to ensure that the fee is paid, for otherwise there is no subject matter for the further enquiry whether or not sufficient was done to satisfy the test of reasonable care. A deliberate decision not to pay is inconsistent with that requirement and therefore precludes the enquiry which the sub-section enjoins."

Thus what was done after 7 July 1993 is irrelevant if Herr Emmrich's instruction not to pay represented a proper decision of the proprietor. Mr Adkins sought to persuade me it was not because, he argued, Herr Emmrich had made the decision not to renew on his own but had no authority to do so. Herr Albers says in evidence that:

> ". . . as Technology and Production Manager it had been necessary for me to issue a general order to submit to me all matters as confirmations of order and orders, and requests for payment."

Because of this general order, Herr Emmrich should, according to Mr Adkins, have referred the decision to Herr Albers. Alternatively, he should have sought instructions from Herr Lermer, who was still Managing Director at the time.

Before considering the question of who should have made the decision, I must first try to determine whether Herr Emmrich did, in fact, make the decision on his own. The evidence, unfortunately, is inconsistent. In a letter dated 30 May 1995 Herr Emmrich says that after Herr Albers entered the firm, "he alone was responsible for taking decisions on payment requests and expenditure", and he then goes on to say that Herr Albers:

> "will certainly be able to provide you with exhaustive and detailed information regarding circumstances, motives and trains of thought, other than the mere reducing of costs known to me, which led, in response to the directive and request given at that time by Herr Albers to the undersigned, to the non-payment of fees".

In another letter dated 21 June 1995, Herr Emmrich says:

> "Despite Herr Albers' position in the firm, which was supervised at the time, he took decisions and monitored their implementation, as also in the present case."

Both of these letters imply that Herr Albers took the decision to abandon the patent. However, Herr Albers implicitly denies this, because in all three of his affidavits he says emphatically that he was not even aware of the patent's existence.

Mr Adkins argued that Herr Emmrich is not saying he consulted Herr Albers on this particular issue, but merely that he interpreted Herr Albers' general order as giving him authority to abandon the patent. I am not satisfied this is what he is saying. Whilst

neither of Herr Emmrich's letters is as clear as it might be, both imply to me that he did not take the decision solely as a result of the general order.

Mr Adkins invited me to accept Herr Albers' version of events because it had been sworn on oath, whereas Herr Emmrich's letters were not sworn by their author but merely filed as exhibits to one of Herr Albers' affidavits. Convenient though this might be for Mr Adkins, I cannot dismiss Herr Emmrich's letters so lightly. They might have carried more weight had they been sworn by Herr Emmrich himself, but they are properly exhibited and so I must accept that they are genuine letters from Herr Emmrich. I would also observe that if I had to ignore Herr Emmrich's letters because they are not sworn by the author, I would on the same basis have to ignore all the other exhibits to Herr Albers' affidavits.

I can see no strong reason to prefer one version of events to the other. If Herr Emmrich made the decision on his own but later realised he exceeded his authority in doing so, I recognise that he might now tend to present events in a slightly different light. On the other hand, at the time in question, little more than a week before he took over as Managing Director, Herr Albers would have been pre-occupied with the company's financial problems, so it is possible he would not now remember everything that was brought to his attention during that period. Thus the evidence does not enable me to establish whether the decision not to renew was made by Herr Emmrich alone or in consultation with Herr Albers. I shall consider both possibilities.

The second possibility can be dealt with very briefly. If Herr Albers was consulted, then on the basis of the applicant's own arguments I must regard the decision not to renew as a properly authorised company decision, and it follows that the present application for restoration must necessarily fail. I therefore do not need to consider this possibility further.

If, alternatively, Herr Emmrich made the decision himself, I need to determine whether or not he exceeded his authority in doing so. Now even though he may have been subordinate to Herr Lermer and Herr Albers, Herr Emmrich was clearly in a fairly

senior managerial post. Certainly, he was not some very junior employee who manifestly had no authority to make such an important decision. Further, I think there can be no doubt that he had some approved role to play in the renewal of the patent, because there is no suggestion that the renewal should not have reached his desk in the first place. Indeed, the patent agents say in one of their letters that "at that time, the fee enquiries were directed to Mr Emmrich". All this, I feel, means there can be no *prima facie* presumption that Mr Emmrich was not authorised to make the decision. The onus is therefore on the applicant to show that authority for making the decision lay elsewhere.

The applicant's first argument is that Herr Albers' general order required Herr Emmrich to seek renewal instructions from him. I am not satisfied the evidence establishes this, for two reasons. Firstly, in none of his evidence does Herr Albers himself say that Herr Emmrich should have come to him. On the contrary, in his second affidavit he states "I do not know whether Mr Emmrich had the authority to allow the patent to lapse", and in his third affidavit he says his own duties "were concerned only *[my emphasis]* with matters such as stock control, quality control, production control, acquisition of raw materials, manufacturing equipment, orders and control of the construction department". Secondly, the order was only issued verbally so we do not have an accurate record of exactly what it required. It might, for example, have only required approval before any payments were actually made. It is even possible that the order itself was unclear.

Herr Emmrich himself asserts that Herr Albers became responsible for deciding whether to renew once he had joined the company. This assertion is not surprising given that Herr Emmrich claims he did consult Herr Albers. I cannot, however, attach any weight to it when I am considering the possibility that Herr Albers was not consulted.

The applicant's second argument is that if Herr Emmrich did not go to Herr Albers, he should at least have gone to Herr Willy Lermer. Again, I am not satisfied the evidence establishes this. The only support for this argument is a suggestion by Herr Albers that Herr Lermer had been personally responsible for previous patent renewals. This suggestion, however, is pure speculation on Herr Albers' part, as he is merely guessing what the practice was before he joined the company, and I cannot attach any weight to it.

We know that previous renewal fees had been paid, but not who took the decision to pay them.

From this limited evidence, I am unable to determine who should have been responsible for deciding whether to renew. This means the applicant has not discharged the onus of proving that, if Herr Emmrich took the decision on his own, he was not authorised to do so. To look at it another way, to establish that they took reasonable care to see that the renewal fee was paid, applicants for restoration must usually at least show they had an effective system in place to see that these fees were paid. The present applicant has manifestly not done that because it has not even been established who was responsible for deciding whether to renew. Indeed, the applicant's own argument that the decision could properly have been taken by either Herr Albers or Herr Lermer supports a view that there may have been no clear lines of responsibility. Mr Adkins invited me to infer that there was an effective system in place because all the previous renewals had been paid. I will not speculate as to whether relying on such an inference can ever fully discharge the burden of proof on an applicant for restoration, but it certainly cannot do so in the present case because, on the applicant's own arguments, the situation had changed with the arrival of Herr Albers.

Whether or not Herr Emmrich consulted Herr Albers, therefore, I have arrived at the same conclusion. The applicant has not shown that reasonable care was taken to see that the fee was paid, and accordingly I refuse to restore the patent.

Dated this 12 day of January 1996

P HAYWARD

Principal Examiner, acting for the Comptroller

THE PATENT OFFICE