

359 0183/91

PATENTS ACT 1977

IN THE MATTER OF an application
by Harford Overseas Ltd for the
restoration of Patent No EP(UK) 106626

DECISION

The patent, which is dated 5 October 1983, lapsed on 5 October 1989 through failure to pay the renewal fee in respect of the 7th year of the patent by that date or in the following period of six months allowed under section 25(4) upon payment of the prescribed additional fee.

The office having indicated that it was unable to admit a prima facie case for restoration on the evidence submitted in support of the application, the matter came before me at a hearing held on 12 June 1991 at which the proprietors were represented by Mr R Chinnery of Chinnery Walker and Bray. Mr M C Wright attended on behalf of the office.

The evidence is in the form of statutory declarations by Mr J B Harper, a director of the proprietor company, Mrs M Seymour, a chartered patent agent employed by Computer Patent Annuities (CPA) which is a well-known firm specialising in patent renewals, and Mr Chinnery who is also associated with CPA.

For commercial reasons Mr Harper, whose responsibility it was to maintain patent rights for the proprietors, decided to delay issuing instructions to CPA for the payment of the renewal fee due on 5 October 1988. He did not instruct CPA to pay the renewal fees on the patent and a number of corresponding foreign patents which fell due on the same date until February 1989 in fact. CPA acted on the instruction and the patents were renewed late.

In respect of the renewal fees which fell due on 5 October 1989 Mr Harper received reminders sent to him by CPA on 24 June 1989, 25 August 1989 and 25 October 1989 and also the official notice that renewal of this particular patent was overdue issued by the office on 2 November 1989 in accordance with rule 39(4). Mr Harper again delayed issuing instructions, the reason given by him being that at that stage he had not paid CPA for the 1988 renewal fees. However he expected to be able to make a decision towards the end of 1989 or early in 1990.

Towards the end of 1989 Mr Harper received from CPA a reminder that another equivalent patent in Spain having a different date would be due for renewal in February 1990. Mr Harper instructed CPA to pay this renewal fee, but received a letter dated 25 January 1990 in reply informing him that, for his instructions to be acted on, the outstanding balance on the company account covering the period 4 March 1989 to 30 September 1989 must be settled prior to or at the same time as his instruction to renew, and that no credit facilities were being extended. The letter also clearly stated that instructions had still not been received for cases which had fallen due in October 1989 and that the appropriate remittance, details of which could be obtained from CPA, must be sent when instructing all renewals.

At this point it is accepted that Mr Harper understood that the October 1989 cases were outstanding and that, although a substantial amount of credit had been extended to his company in the past and for a considerable period of time, that facility was not to continue. As will appear shortly, the proprietors had never had a formal credit arrangement with CPA.

The question which I have to decide on the balance of probabilities is whether Mr Harper, had he been acting with the reasonable care demanded by section 28(3), was more

likely than not to have been so misled by subsequent events that this clear knowledge that the October 1989 renewals were still outstanding and needed action on his part could have been transmuted into an equally clear understanding that the renewals were being dealt with by CPA.

On 8 February 1990 Mr Harper informed CPA that he would be settling the outstanding account within a few days by sending a cheque, and he asked them to reconsider re-instating credit facilities. Mrs Seymour replied for CPA on 12 February 1990, noting that the account was about to be settled, and dealing with a number of other matters.

Firstly she reminded Mr Harper that the Spanish patent was now overdue for renewal. Secondly she informed him that credit facilities would not be re-instated because it was not standard practice in the first place, the normal procedure being to pay with instructions or within 30 days of receiving CPA's debit note. She also explained to Mr Harper that CPA issued renewal notices between four and six months prior to each case becoming due - a procedure which there is no doubt Mr Harper was familiar with.

Finally, and this Mr Chinnery submitted was misleading, Mr Harper was informed that the next cases due for renewal on his file were dated August 1990 and reminders for them would be sent out in March. These cases were actually on another account, and Mr Chinnery put it to me that CPA should have also reminded Mr Harper about the cases which were still overdue from October 1989.

No doubt in an ideal world that would be so, but, for a number of reasons, I do not consider that the omission by CPA should have caused any confusion in Mr Harper's mind in view of his familiarity with CPA's reminder system. He had received several reminders about the October 1989 renewals and had made a deliberate decision to delay renewal. Only three weeks previously he had been reminded in no uncertain

terms that the cases were still outstanding. The cheque he sent to CPA was just sufficient to cover the amount he had been told was outstanding up to 30 September 1989 plus the renewal of the Spanish patent.

Mr Harper also wrote to CPA on 8 February 1990 on another matter. On 8 January 1990 CPA had sent him a notice about the requirement in India to file a 'statement of working' for the year 1989 in respect of a patent in that country having an annuity date of 27 October. In responding to that notice on 8 February Mr Harper says he thought that it related to the renewal fee due in October 1989 for the Indian patent. He gave CPA an instruction to renew the patent but did not provide any payment with the instruction.

CPA, by a letter dated 21 February 1990, acknowledged receipt of Mr Harper's cheque settling the outstanding account and confirming that the Spanish patent had been renewed. However, Mr Chinnery submitted that CPA misunderstood Mr Harper's intention with regard to the Indian patent because instead of acting upon his instruction to renew it - like the other October cases the 7th renewal on it was already overdue - they told him that the 8th annuity was not due until 27 October 1990 and that they could not process his instruction that far in advance but would send reminders in due course. Mr Harper took this to mean that no renewal fee was due on the Indian patent until October 1990 and he says that this, coupled with the letter of 12 February 1990, led him to believe that all the patents due in October 1989 had been dealt with.

It is not difficult to see how CPA's misunderstanding over the Indian patent came about. The notice forms exhibit 'F' to Mr Harper's first declaration and reads:

"RE: WORKING OF INDIAN PATENTS

The cases listed are due for renewal in the 12 months

from 01 JAN 90, and reminders are being sent in the usual way regarding annuities. This list and the enclosed note concern the requirement to file statements of working for 1989. If you wish us to file any statement, please instruct us well before the final date of 31 March 90."

To this notice Mr Harper had added the words 'Please renew' in manuscript.

It is less easy to see how Mr Harper could have interpreted that notice as a renewal reminder or that he could possibly have thought that an instruction given in response to a reminder specific to one Indian patent could serve as an instruction for a whole family of patents including the present patent. Mr Harper was well aware that CPA would not renew any patent without first receiving instructions to do so, and was well aware that when CPA sent reminders on a family of patents they came with all the patents listed together.

On 23 February 1990 CPA sent to Mr Harper a final reminder/lapse notice listing 11 patents, the list including the present patent and starting with the Indian patent. The notice clearly stated that the 7th annuity was overdue and gave a clear warning that unless instructions were given within a month the cases would be removed from CPA's records. Mr Harper received this final reminder but simply thought it was "an overlap" and that the cases listed on it were in hand. This was despite the fact that only two days previously CPA had written to Mr Harper telling him that they could not process his instruction to pay the 8th annuity (my emphasis) on the Indian patent.

Having given the matter due consideration I have come to the conclusion that Mr Harper did not exercise the degree of care required. In my opinion, if he had done so he would have kept track of the patents which fell under his responsibility and his actions in relation thereto and there would have been

