

BLO/049/89

IN THE MATTER OF an application  
for the restoration of Patent  
No 2137844 in the name of British  
Broadcasting Corporation

DECISION

Patent No 2137844 dated 14 March 1983 was granted on 25 March 1987 and lapsed on 25 June 1987 through non-payment of the renewal fee for the fifth year either within the period of three months following grant as allowed under Rule 39(1) or within the six months grace period allowed thereafter under section 25(4). The application for restoration was filed on 11 March 1988 but, the office being unsatisfied that the requirements for restoration laid down in section 28 had been met, the matter came before me at a hearing on 4 April 1989 at which the proprietors (BBC) were represented by their agent Miss L J Harland and Mr S Nead attended on behalf of the office.

Over the period in which the renewal fee could have been paid BBC operated their own internal system for ensuring that their UK patents were renewed as required each year. Briefly, the BBC's renewal system was this:

Upon grant of a patent, Reddie & Grose (R&G) sent the certificate of grant and a covering letter to Mr Harper, an engineer in the Engineering Secretariat of the BBC who for ten years has held the responsibility for administering patent matters and who professes in that time to have become familiar with the patents system. On receipt of the certificate of grant Mr Harper instructed his secretary to make up a card carrying details of the patent, the card being colour coded to indicate in which quarter of the year the patent would become due for renewal. About one month before the start of each quarter the patents which would become due for renewal in that

quarter were reviewed at a patent progress meeting which Mr Harper attended, and decisions were made as to which patents were to be renewed. Mr Harper then drafted a memo to the Head of Accounting Services instructing payment of the respective renewal fees for the whole quarter. This memo was counter-authorized by the Head of the Engineering Secretariat, a Mr Limpkin.

The receipt of the memo was entered in the post book of the Accounting Services division which, I understand from Miss Harland, was in a separate building, and the memo was then passed to the Head of Payments section whose duty it was to record the memo in a register and to instruct a clerk to draw a cheque and complete renewal Forms 12/77, payment of the fee normally being made within 10 days. After authorisation of renewal a two-tier checking system was operated. Firstly, Mr Harper kept a copy of the authorising memo in a 'brought forward' file which he checked each week, and if he did not receive a certificate of payment of renewal fee within a month or so he would send a reminder memo to the Head of Accounting Services. Secondly, if the office issued an overdue reminder PREN5 to R&G who were the address for service, R&G would telephone Mr Harper before forwarding the PREN5 to him, and if the fee should have been paid he would send a reminder to Accounting Services. This system, which I accept as being a reasonable one, had operated successfully for ten years or more but was weakened somewhat before the present patent became due for renewal because Mr Harper instructed R&G not to telephone him before forwarding any PREN5 they received. The reason for this, so I was informed by Miss Harland at the hearing, was that in 1986 an unprecedented number of official reminders had crossed in the post with payment of renewal fees, I mention that mainly for completeness because I do not think it is all that material to the circumstances relevant to the lapse of this particular patent.

Because the patent was granted less than three months before expiry of its fourth year, it did not fit into BBC's system very well. Grant occurred after the patent progress meeting for the relevant quarter and renewal had to be authorised separately from the other patents which became due for renewal in the same quarter. When the certificate of grant was received, Mr Harper's secretary, who was relatively new and unexperienced, made up a card for the patent as instructed but overlooked the fact that the first renewal period had already commenced. It must be said that the wording of the covering letter which went with the certificate was misleading, but apparently this had not caused problems in the past. That oversight by the secretary probably led to the patent not being renewed by the due date. However, the patent came before Mr Harper as a routine matter for the authorisation of an ex gratia payment to the inventor and he noticed that it was overdue for renewal. He therefore despatched a memo of 3 August 1987 authorising payment of the renewal fee and the required extension fee, and placed a copy of the memo in his 'brought forward' file.

During the course of his weekly checks Mr Harper subsequently noticed that no certificate of payment had been received, and on 28 September 1987 he sent to the Head of Accounting Services a reminder memo which read thus:

"I should be pleased to know whether the above renewal has been paid as requested in my memo dated 3rd August 1987. The reason for asking is that I have not received the certificate of payment of renewal fee from the Patent Office."

The memo of 3 August 1987 and the reminder of 28 September 1987 were both properly recorded in the post book of the Head of Accounting Services, but for some unexplained reason neither of them was acted upon by payments section

and they were not entered in that section's register. The head of payments section tendered his resignation on 13 August 1987 and left on 2 October 1987, though it is not suggested that there was any lapse in managerial control during that period. His replacement, who was promoted from within the department was apparently not instructed in how to deal with patent payments at that time for the reason that such payments form only a small and separately dealt with proportion of the many payments made by the section each year.

Before leaving this summary of the relevant circumstances associated with the lapse of the patent I should deal with the official reminder PREN5 which was issued on 28 July 1987 and was forwarded to Mr Harper by R&G on 30 July 1987 with a covering letter. Neither of these appear to have reached Mr Harper, but I do not consider that this further mishap was at all instrumental in the failure to pay the renewal fee. In my view Mr Harper must have been aware, having received an unprecedented number of such reminders in 1986, that they are issued within six weeks after the renewal fee first becomes overdue. In the present case the reminder should have been, and was, issued before 6 August 1987, so I cannot accept that its non-arrival must have misled Mr Harper into believing that the fee had been paid. Because so many previous reminders had crossed in the post with renewal payments, I would have thought that as payment of the fee for this patent was not authorised until 3 August 1987 Mr Harper would have been suspicious when no PREN5 arrived and would have tried to find out what had happened to it. But whether or not I am right in that there still remains to be considered the operation of the other part of the checking system by Mr Harper.

It is clear from the fact that a second, reminder memo was sent by Mr Harper on 28 September 1987 that at this late point in time he was entertaining doubts as to whether or

not the patent had been renewed because he had not received a certificate of payment of the fee. Yet despite receiving no response to the second memo and no certificate of payment in the ensuing weeks, he apparently made no further enquiries, and it was this lack of action on his part which in my view led to the fee not being paid while there was still time.

Miss Harland drew my attention to the as yet unreported judgment of the House of Lords in re Textron. The main principles to be applied when determining whether or not the proprietor of a patent has complied with the requirements of section 28(3) are set out in the speeches of Lords Templeman and Oliver in that judgment, and, as I understand them, they may be summarised as follows:

1. It is within the control of the proprietor to ensure that an agent or servant is competent and is given clear and unambiguous instructions.
2. Once it is plain that the proprietor has taken reasonable care and had no opportunity of discovering the mistake which, contrary to his instructions, resulted in the failure to pay, it seems hard and unnecessary that the proprietor should be deprived of a patent.
3. The failure of an agent or servant to obey instructions may be beyond the control of the proprietor.
4. No employer can reasonably be expected to supervise the carrying out of every elementary administrative function committed to an ex facie competent employee or agent.
5. If the allocation to a trusted and hitherto reliable employee of the task of checking the payment

of renewal fees is a reasonable system for ensuring their payment, the unexpected failure of that employee to carry out the task properly is a matter outside the control of the employer.

Lord Oliver also gave very careful consideration to the grammatical construction of section 28 and concluded that to surmount the inherent difficulty in interpreting the section it is not insuperably difficult to read "the proprietor" in section 28(3)(a) as meaning, in the case of a corporate proprietor, "the proprietor, by its directing mind" and to give a corresponding meaning to the word "his" in (b). Nor is it an insuperable objection that there is no clear-cut test for determining what is and what is not for this purpose the directing mind, for that seems to be a question of fact which is capable of resolution rather by the application of a robust common sense than by precise legal definition.

In the Textron case there was a failure by an employee to carry out clear instructions given by her superior, a Mr Galerstein, and although Lord Oliver held that, on the facts of that case, the need to decide who was the directing mind did not directly arise, he then went on to say that the failure of the employee to carry out her instructions was, in his judgment, beyond Mr Galerstein's control and, insofar as Mr Galerstein was the directing mind of Textron, beyond Textron's control.

It appears to me that, as Mr Harper had responsibility for administering patent matters and complete authority over the system for checking that patents had been renewed, that responsibility and authority had been delegated to him by the corporate proprietor, the BBC, and within the scope of that delegation he ought not to be regarded as a mere employee. At the hearing Miss Harland accepted that Mr Harper could be equated with Mr Galerstein in the Textron case, though for present purposes I would not put

that equivalence as being any more than that they were both ultimately responsible for seeing that patents were renewed. Mr Harper's direct involvement in patent renewals was clearly much greater than that of Mr Galerstein.

Checking that the certificate of payment had been received was an essential part of the system which Mr Harper ran, its receipt was the signal that renewal had been effected, but despite the history of mishaps to which this patent had been subject, Mr Harper made no further enquiries after the memo of 28 September 1987 had been sent.

I have given very careful consideration to the circumstances of this case and the guidance given by their Lordships in the Textron judgment, and I am very much aware that, on my analysis of the facts of this case, the decision on whether or not restoration should be allowed falls to be made in precisely the area where Lord Oliver foresaw difficulty and suggested resolution by the application of a robust common sense. To my mind, since the ultimate responsibility for ensuring that patents required to be renewed were in fact renewed had been placed by the proprietors in the hands of Mr Harper he stood for the proprietors in that context and any failure attributable to him which led to the lapse of the patent should be laid at the proprietors' door.

In the result therefore I am not satisfied that the proprietors have met the requirements of section 28 and I refuse the application for restoration.

Dated this 28<sup>th</sup> day of April 1989

K E PANCHEN

Superintending Examiner, acting for the Comptroller



THE PATENT OFFICE

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