

0127/93

PATENTS ACT 1977

IN THE MATTER OF an application by Loral
Fairchild Corp for the restoration of
Patent No. 1481364

DECISION

The renewal fee in respect of the 17th year of the patent fell due on 10 December 1990. The fee was not paid by that date or in the following six months as provided for by section 25(4), and as a consequence of section 25(3), the patent lapsed on 10 December 1990. The application for restoration was made on 11 May 1992, within the period allowed under section 28(1) and rule 41(1). The office was not satisfied that the proprietors Loral Fairchild Corp (LFC) had taken reasonable care to see that the renewal fee was paid, as required by section 28(3), and the matter came before me at a hearing held on 29 January 1993 at which LFC were represented by Mr J I Marchant, and Mr M C Wright attended on behalf of the office.

The patent was originally granted to Fairchild Camera & Instrument Corp (FCIC). About 1978 FCIC were acquired by Schlumberger who then took over responsibility for the patent. From December 1983 a Mr Wahl became responsible for FCIC's patents, but as he had no specialist patent knowledge, all patent maintenance matters were handled by Schlumberger's patent agents, and in 1984 the UK address for service on FCIC's patents was changed to that of the Schlumberger in-house patent agent in the UK.

On 27 June 1989 FWSI, which was another company in the Schlumberger group partly owned by FCIC, was sold to Loral Corp (LC) and its name was changed to LFC. In excess of 200 patents were transferred to LC in this transaction. This must have presented problems for LC which had little if any previous experience with patents, having concentrated in the past on defence contracts. Mr Wahl transferred to LFC and became a vice-president and the general counsel for that company. However, although transitional arrangements were made for the orderly transfer of patent rights to LFC from the Schlumberger group, over a period

of time the patent expertise to which Mr Wahl had access gradually disappeared. While these transitional arrangements lasted, Schlumberger patent agents provided LFC with reminders when renewal fees were due or, in some cases, paid the renewal fees and billed LFC later.

Schlumberger also provided Mr Wahl with a list of patent numbers and some, but not all, of the associated renewal dates. This particular patent appeared on the list, and although no renewal date as such was given, the filing date and the date on which the maximum term of the patent would expire were listed. Mr Wahl says that the purpose of the list was to identify the patents being transferred. It may possibly be assumed from the fact that the patent was annotated 'no actions on this case' that the list was also intended for Schlumberger's own internal use, though it is to be noted that Schlumberger paid the renewal fee for this patent which fell due in December 1989.

Although Mr Wahl had not previously been involved in the payment of renewal fees, he was aware in general terms that renewal fees might be payable on some patents. He assumed that the Patent Office would send a reminder when a renewal fee fell due, so, as a temporary measure, he decided to rely on the reminders he assumed he would receive, together with the Schlumberger list, and to pay on a case by case basis.

There were two other factors which appear to have influenced the decision to rely on this temporary *ad hoc* system. Firstly, many of the patents transferred were felt not to be of real benefit to LFC, and the intention was only to maintain the vital ones. Secondly, towards the end of 1989 the decision was made within LC to recruit a specialist patent counsel to handle the patent affairs of the whole group, it being increasingly recognised that patents had a more important role to play in the LC group following its major programme of expansion, including the acquisition of FWSI. It was realised that there would be some delay in recruiting patent counsel, but, for reasons which I do not need to go into in detail, because Mr Wahl was not responsible for it, the delay until July 1991 when patent counsel was finally appointed was longer than expected. The temporary arrangements relied upon by Mr Wahl were thus in being for two years or more and spanned the period September 1990 to June 1991 during which the renewal fee could have been paid.

It appears that the official overdue reminder in respect of the patent was issued by the office on 6 January 1991, in accordance with rule 39(4), and was sent to Mr Stoole, a patent agent employed by Schlumberger in the UK and who was registered as the address for service. Mr Stoole sent the reminder on to Mr Wahl, but Mr Wahl does not remember seeing it and has been unable to find it - he supposes it was lost in the mail. However, after reviewing various patents which were equivalents of some USA patents on which an infringement action was being launched, Mr Wahl wrote to the UK Patent Office on 17 June 1991 asking to renew six patents, including the present patent. The office replied to Mr Stoole on 4 July, indicating that all the patents had lapsed on dates ranging from June 1990 to December 1990. It is an associated fact that between July 1990 and July 1991, no fewer than twelve overdue reminders and notices of lapsing would have been issued by the office and presumably would have been similarly forwarded to Mr Wahl.

It is known that Mr Wahl received the notice of lapsing issued on 7 July 1990 for the present patent, but Mr Wahl says that he thought it was just a reminder, so he wrote to the office again on 5 September, and it was only when he received a reply direct by facsimile transmission that he realised that it was no longer a simple matter of paying a renewal fee. Mr Wahl does not say specifically whether or not he received any of the overdue reminders and notices of lapsing which must have been issued by the office for the other patents he had enquired about, but he does admit to having seen a reminder headed 'Patent Office' for one of the six patents.

In fact it is almost certain that Mr Wahl had received some communication from the office relating to renewals prior to 17 June 1990 when he first enquired about the six patents, because at that time he knew the identity of the official under whose name the reminders and notices were sent out. Mr Wahl was apparently under the mistaken impression that the 'Patent Office' was a private firm acting for Schlumberger or LFC and he did not realise that he had been writing to the official patent granting authority in the UK. For a professional person who had held some responsibility for patents since 1983, Mr Wahl seems to have been surprisingly ill-informed on patent matters.

It was this which I think led Mr Marchant to suggest that someone in the position of Mr Wahl could be regarded more as a lone individual than as the directing mind of a proprietor company as far as patents were concerned. There are no doubt occasions when the directing mind of a company is a lone individual without specific knowledge of patents, but this does not relieve the person responsible, whether standing as himself or as a company, from the burden of taking reasonable care to see that the patent is renewed. It is up to the individual to find out what has to be done and then to do it.

In any event, in the case of someone like Mr Wahl, a professional legal man and vice-president of a company owning a large number of patents and forming part of a group with a multi-billion dollar turnover, there are, to my mind, obvious limitations as to how far it is sensible to take the 'lone proprietor' analogy, and those limitations are soon met. Someone in a position such as Mr Wahl's must surely have the resources and authority to ensure that there is someone, somewhere, either inside or outside the company, who knows what they are doing when it comes to looking after a large number of patents. Mr Wahl clearly thought that the temporary arrangements he relied upon were reasonable, and so they might have been for a short period of time, for, having been in the Schlumberger group himself for some time, he no doubt knew and trusted their patent agents. Nevertheless, having considered these circumstances, I have come to the view that Mr Wahl should not have allowed the temporary arrangements to drift on for so long, when, as time passed, he became more and more reliant upon intermediaries who no longer had any obligation to look after the patent interests of LFC.

Furthermore, in my view when, as appears to be the case here, overdue reminders which were relied upon are not recognised as such when they do arrive, it is not apparent that reasonable care has been taken to see that the renewal fee was paid.

Had Mr Wahl been a lone individual proprietor relying on receipt of official reminders to alert him when a renewal fee had become due, he would be expected to recognise and act on the reminders when they arrived. The responsibility borne by Mr Wahl can be no less than that, indeed I think it must also include the responsibility of ensuring that, as a temporary measure until patent counsel was appointed, outside professional help was

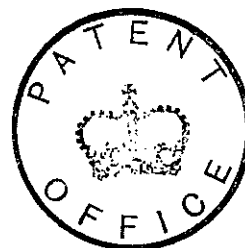
engaged. As it was, for a considerable period there was no substitute for the expertise which had been provided by the Schlumberger agents.

Considering all these matters together, I am not satisfied that the requirement of section 28(3) has been met and I therefore refuse the application for restoration.

Signed this 16 day of February 1993

A large, dark, rectangular redaction mark covering the signature of the official.

K E Panchen
Superintending Examiner acting for the Comptroller



THE PATENT OFFICE