

PATENTS ACT, 1977

BLO/180/86

IN THE MATTER OF applications by
The Reiss Engineering Company Limited for
the Restoration of Patents Nos. 2024363
and 2045888.

DECISION

Patent numbers 2024363 and 2045888, respectively dated 18 April 1979 and 12 March 1980, were granted to Elan Pressure Clean Ltd ("Elan" hereinafter) who subsequently went into receivership, the patents and other assets passing, under an asset purchase agreement dated 17 April 1984, to the Reiss Engineering Co. Ltd ("Reiss" hereinafter). The patents lapsed on 18 April 1985 and 12 March 1985 respectively due to non-payment of the renewal fees for the seventh and sixth years respectively, and applications for restoration under Section 28 of the Patents Act 1977 were filed on 9 April 1986 and 12 March 1986 respectively.

The Office expressed the view that, on the evidence filed, it was not satisfied that, as required by Section 28(3), the proprietors had taken reasonable care to see that the renewal fees were paid within the prescribed period and that the fees were not paid because of circumstances beyond their control. A hearing was requested which took place before me

on 20 November 1986 at which Mr N M Wilson, a partner in the firm of Withers and Rogers, Chartered Patent Agents, appeared as agent for the proprietors and Mr A Holt was the Office representative.

The facts appear from statutory declarations filed by Mr N M Wilson and by Mr H F Reiss, Managing Director of Reiss. When Reiss acquired the patents, together with some other patents and patent applications, from Elan, Mr Reiss instructed Withers and Rogers that all patents and applications in the name of Elan should be maintained on the computer records of Withers and Rogers and all renewal correspondence in respect of them should, in future, be sent to Reiss at their Stanmore address rather than to Elan who were still operating, at their premises at Coventry, as a division of Reiss. In accordance with their normal procedure, Withers and Rogers sent three renewal reminders in respect of each of the two patents to Reiss at Stanmore three months before, one month before, and one month after the respective due date, but received no reply.

Responsibility for patent matters at Reiss was held jointly by Mr Reiss and a Mr Cohen, the Company Secretary, but none of the reminders from Withers and Rogers reached either of these gentlemen, and consequently both patents lapsed contrary to intention. The lapsing of the two patents, along with some other patents and applications for patents, finally came to the attention of Mr Reiss after he had been

shown a letter from Withers and Rogers which accompanied the official notice of lapsing from the Patent Office in respect of patent No. 2024363. The normal practice of Withers and Rogers upon receiving an official reminder issued by the Patent Office under Rule 39(4) is to check that they have either been instructed to allow the patent concerned to lapse or that their own customary three reminders have been sent to the proprietor. No further action is taken if this procedure has been followed, and there is no evidence to suggest that the procedure was not operated correctly in respect of the two patents which are the subject of this application. By adopting the system run by Withers and Rogers therefore it was essential that the proprietors played their part in responding to the reminders issued by their agents if the patents were to be renewed.

A search was instituted by Mr Reiss but none of the renewal reminders sent by Withers and Rogers has been found.

Mr Reiss suggests that the accounts department of Reiss at Stanmore intercepted the reminders, which bear a superficial resemblance to invoices though they bear in bold print the words "THIS IS NOT AN INVOICE", and the accounts department failed to notice that the reminders were not invoices even though carrying out the normal procedure (for invoices) of checking against issued order numbers and goods received notes. Since this check would have drawn a blank, Mr Reiss further suggests that the accounts department would have followed the normal procedure, for invoices which were not

identifiable, of sending them to the division which may have had a responsibility for generating a request for action, in this case Elan, which was operating with reduced staffing under the day-to-day control of a contracts manager. At Elan there was a considerable turn-over of secretarial staff in that period, there was no senior management figure present, and the contracts manager, who was the most senior man there, was under considerable pressure of work to try to keep the Elan division a viable part of the company. The contracts manager subsequently left and Mr Reiss finds it impossible to say what happened to the reminders, if indeed they were received at Elan.

In his submissions before me, Mr Wilson referred to the requirement that the proprietor of a patent take positive steps to ensure that renewal fees are paid (where renewal is desired) and referred, by way of example, to the decision in Mead's Patent 1980 RPC 146 where, at page 152 lines 4-9, Mr Justice Whitford affirmed that "there is a duty on the proprietor of a patent to take some steps to make sure that renewal fees are paid. He may do that by instructing agents or by instructing some firm who undertake to ensure that periodic payments of this kind are made as and when they become due. Even if a system is set up, it is for the proprietor properly to play his part, if any, in the operation of the system". Mr Wilson submitted that such a system had been set up by Reiss because Reiss entrusted the monitoring of renewal fees to Withers and Rogers. In

support he cited the Office decision (no. 034/86) on the application by Saboteur Designs Limited for restoration of patent number 1596797 in which the Hearing Officer accepted that the duty of reasonable care had been met by appointing a Mr Waldron "to deal with their patents". However, as appears elsewhere in that decision, Mr Waldron "assumed responsibility for all the patent affairs of Saboteur Designs Limited", whereas in the present case Withers and Rogers were merely responsible for sending renewal reminders with Mr Reiss and Mr Cohen at Reiss being responsible for ensuring that the renewal fees were actually paid.

Proceeding to the requirement of Section 28(3)(b), Mr Wilson quoted a letter from Mr Reiss in the evidence filed (Exhibit NMW 2) in which Mr Reiss states "this is the only time that we have purchased a company in receivership and converted it into a trading division of Reiss Engineering. As such our organisational structure showed up a loophole which otherwise does not occur in normal trading circumstances". Mr Wilson added that the renewal reminders involved were for the next renewal fees due after the acquisition of the Elan assets by Reiss so Reiss did not have previous experience. The reminders should have been passed to Mr Reiss or Mr Cohen for them to deal with but were not. It was beyond their control to deal with them because they were unaware that the reminders had been issued.

Some mention was made of the disorganisation at Elan,

following the receivership, on the assumption that staff of Reiss at Stanmore sent the reminders to Elan. I have seen no evidence that that is what happened, but if it did, it remains true that the first mistake was made at Stanmore in failing to recognise patent renewal reminders and route them appropriately. If they were sent from Stanmore to Elan, correct action there might have retrieved the situation, but if Stanmore had not made the initial mistake, repeatedly it seems, no action by Elan, who should not have been involved, would have been necessary.

Accompanying his second statutory declaration, Mr Wilson provided evidence in Exhibit NMW 4 that the European Patent Office (EPO) has restored, apparently under the provisions of Article 122 EPC, European patent application No 82300769.5, and in his declaration he said this was done "on the basis of the same evidence as submitted herein". At the hearing Mr Wilson submitted that there should be consistency between the decisions of the United Kingdom and European Patent Offices in respect of provisions which have equivalent effect. Mr Wilson referred to Section 130(7) of the Patents Act 1977 which states that, by a resolution made on the signature of the Community Patent Convention, certain sections of the Act are so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-operation Treaty have in the territories to which those Conventions

apply. Mr Wilson noted that Section 28 was not one of the Sections listed in Section 130(7) but argued that Section 28 "is not excluded either". In support of this view, he referred to, firstly, the title of the Patents Act 1977 which is, inter alia, "An Act to give effect to certain international conventions on patents ", secondly, to the specific wording of the Community Patent Convention resolution which announces, inter alia, an intention to adjust national laws as soon as possible to conformity, as far as practicable, with corresponding provisions of the European Patent Convention, Community Patent Convention and the Patent Cooperation Treaty, thirdly, to the decision on Daido Kogyo K.K.'s Patent 1984 RPC 97, and fourthly, to the decision on B & R Relays Limited's Application 1985 RPC 1.

Though the facts of the case are different, Daido Kogyo is a restoration case in which Mr Justice Falconer based his decision in part, or so it would appear, on the desire for conformity as mentioned above, while recognising that Section 28 is not one of the Sections listed in Section 130(7), reference being made especially by Mr Wilson to page 111 lines 12-42 of that decision. B & R Relays relates to Section 76 rather than to Section 28, but Section 76 is another Section not listed in Section 130(7) and in the decision in that case Mr Justice Whitford at page 6 lines 27-32 made observations on the importance of conformity.

On the question of whether the relevant part of the European Patent Convention (EPC), which is Article 122(1), is a provision corresponding to Section 28(3) of the Patents Act 1977, Mr Wilson urged me to take the view that the reference to "all due care required by the circumstances" in Article 122(1) amounts to a similar approach to that of Section 28(3) with its twin requirements as laid down in subsections (a) and (b). In the event, whether or not Mr Wilson is correct in saying the approaches are similar is not a question which I feel it is necessary for me to consider. It is my function in these proceedings to determine whether or not the relevant requirements of the United Kingdom Statute have been complied with, and in my view the wording of Section 28(3) is clear and no reference to the EPC needs to be made to establish or clarify the meaning of that wording, assuming of course that such an exercise might be valid and proper. It seems to me therefore that the primary sources of guidance available to me in making my determination lie in the wording of Section 28(3) itself and in the standards of care and so on held by the Courts to be necessary for compliance with that section, rather than in a single decision made in the EPO, apparently by the formalities section, and about which I know next to nothing as to how it came to be made.

In my view the evidence submitted clearly indicates that no specific instructions were given to the staff at Stanmore

regarding the handling of patent renewal reminders, though Mr Wilson at the hearing before me stated that "the accounts department had not been instructed because it had not been envisaged that patent correspondence would be passed to the accounts department". With that in mind, I turn now to consideration of the standard of care needed to comply with Section 28(3)(a).

In the decision in the Patents Court on Convex Ltd's Patent, 1980 PRC 423, Mr Justice Whitford observed (at page 431 line 43 to page 432 line 2): "... the applicants ... were prepared to make such provisions for payment of the renewal fees as they thought appropriate to securing the discharge of their ordinary commercial obligations. It does not appear to me that it should conceivably be reasonable that one should adopt an attitude of this kind toward something like a patent. Whereas failure to make a payment due on account may have no very serious consequences ultimately, the same is not true with regard to the failure to pay renewal fees for a patent; and any person taking reasonable care must be prepared to set up a system containing safeguards more sufficient than those used to ensure that, for example, cheques to meet everyday accounts are sent when they should be". The Patents Court also, in Tekdata Ltd's Application, 1985 RPC 201, dismissed an appeal against the decision of the Hearing Officer to refuse restoration in circumstances where the first renewal reminder had gone only to the accounts department where nothing was done with it

and a Managing Director had passed the second and third reminders to his Accounts Manager with instructions to pay and the Accounts Manager had passed the instructions to a clerk who had not carried them out. In his decision, Mr Justice Falconer, after noting that there were no provisions in the system or arrangement for paying that the person primarily responsible for dealing with patents should be notified that the payment had been made and the patent renewed went on to state (at page 208 lines 41-45) "there was in effect no check that this important thing had been effected in time. Without such a check, I do not accept that the arrangement or system set up by Tekdata for payment of the renewal fee, after they had been notified of it being due by their patent agents, amounted to taking reasonable care". These judgements therefore indicate to me the degree of care the and extent of supervision required in the important area of patent renewals. Applying these standards, and having considered all of the evidence, I have come to the conclusion that the proprietors have not satisfied the first requirement of Section 28(3), that of taking reasonable care to ensure that the renewal fees were paid.

Although the proprietors acted prudently in engaging the services of a reputable firm of patent agents to ensure that reminders were sent to them in good time, they did nothing to ensure that the reminders reached the persons responsible for patent matters by instructing the Stanmore staff in what

to do with the reminders when they arrived. Mr Reiss at least was well aware that renewal correspondence from Withers and Rogers ought to be arriving in respect of a number of patents and patent applications all of which lapsed during 1985, and yet he made no enquiry either amongst the office staff at Reiss or at Withers and Rogers when such correspondence failed to materialise. Thus while I may feel a certain amount of sympathy for the proprietors who had never before taken over a modest portfolio of patents from another company and were perhaps unaware of the pitfalls which lay in wait for them, they did not in my view show the degree of care to be reasonably expected of a new proprietor in acquainting themselves with what was required of them and in instituting the procedures necessary to ensure that they fulfilled their role in the renewal of the patents.

Having come to the conclusion that the proprietors have not satisfied the requirements of Section 28(3)(a) it is not necessary for me to consider whether subsection (b) has been met, but I have found nothing in the evidence filed or in the submissions made by Mr Wilson at the hearing which would convince me that the failure to pay the renewal fees for the patents in question was due to circumstances beyond the control of the proprietor.

Accordingly, the application is refused.

Dated this 17th day of December 1986

K E PANCHEN

Superintending Examiner, acting for the Comptroller



PATENT OFFICE