

PATENTS ACT 1977

IN THE MATTER OF an application
under section 28 for restoration of
Patent GB2154614 in the name of
Plasma Coatings Limited and HIP Limited

DECISION

Background

1. The renewal fee in respect of the thirteenth year of the patent fell due on 14 February 1997. The fee was not paid by that date or during the six months allowed under section 25(4) upon payment of the prescribed additional fees. The patent therefore lapsed on 14 February 1997. The application for restoration of the patent was filed on 14 September 1998, within the 19 months prescribed under rule 41(1)(a) for applying for restoration. After considering the evidence filed in support of the application for restoration an official letter was sent to the patent agents Ablett & Stebbing informing them that the Patent Office was not satisfied that the requirements for restoration, as laid down in section 28(3), had been met.
2. A hearing was subsequently held on 7 December 1999. Mr S Suer and Mr R Fender of Ablett & Stebbing represented the proprietors. Mr Ian Sim attended on behalf of the Patent Office.
3. The evidence filed in support of the application prior to the hearing consists of four statutory declarations by Mr Anderson of Plasma Coatings Limited, three statutory declarations by Mr Daniel Roberts of Bodycote H.I.P. Limited, and one statutory declaration by Ms Mair Denise Thomas of Computer Patent Annuities. Three further statutory declarations were filed after the hearing with my agreement, one by Dr B A Rickinson, formally of H.I.P Limited, and one each by Mr Roberts and Ms Thomas.

The Facts

4. The facts of the case can be summarised as follows.

5. The patent was granted to the joint proprietors Plasma Coatings Limited and H.I.P. Limited on 18 November 1987. On 1 January 1997, H.I.P. Limited changed its name to Bodycote H.I.P. Limited. For convenience, I shall refer to the company as “H.I.P” while Plasma Coating Limited will be referred to as “Plasma”. Shortly after grant a verbal agreement was reached between the Managing Directors of the two companies and co-inventors, namely Mr Anderson and Dr Rickinson respectively, for dealing with the renewal of the patent. Under the agreement Computer Patent Annuities (CPA), a well know patent annuity paying agency, would send reminders to Dr Rickinson. Two reminders would be sent before the due date for payment and, if necessary, another two reminders would be sent after that date. On receipt of a reminder Dr Rickinson would contact Mr Anderson to check that he agreed that the patent should be renewed. Subject to Mr Anderson’s confirmation, Dr Rickinson would then countersign the invoice from CPA and forward it to his company’s Head Office at Macclesfield from which a cheque would be sent to CPA to cover the renewal fee and CPA’s service charge. Also, after receiving Mr Anderson’s confirmation, Dr Rickinson would instruct H.I.P.’s account/production control group at Chesterfield to invoice Plasma for half the fee which would then be sent to H.I.P.’s Head Office at Macclesfield.

6. In the case of the thirteenth year renewal fee, CPA sent a first reminder to Dr Rickinson on 13 October 1996 and a second on 12 December 1996. In his declaration Dr Rickinson does not actually say that he obtained Mr Anderson’s agreement to renew the patent or that he sent CPA’s invoice to H.I.P.’s Head Office in Macclesfield. However, the company’s “purchase invoice record book” includes an entry which indicates that correspondence was received from CPA on 16 October 1996 and was subsequently sent out on 10 January 1997. This was presumably a reference to the reminder CPA sent on 13 October 1996.

7. Dr Rickinson subsequently sent a letter to Mr Anderson dated 10 January 1997, ie the

same day as CPA's invoice was apparently forwarded to H.I.P's Head Office. The letter reads:

“... on the specific matter of the patent, I am aware of your discussion with Danny and feel that for HIP we will proceed with the patent at ½ cost for a further 12 months. At the conclusion of '97 we will review the matter one last time, and probably turn the case over to you entirely, since I feel the commercial development of the claim is best routed to Plasma rather than HIP. We will need to arrange a side letter or warrant in '98 to effect this change, but we need to talk this through later.”

8. On 23 January 1997, H.I.P. sent an invoice to Plasma for their half of the fee which Plasma duly paid.

9. In the event, CPA did not receive payment for the thirteenth year renewal fee nor any instructions to pay the fee. No explanation has been given as to why this did not occur. Consequently, CPA sent a third reminder to Dr Rickinson at H.I.P. on 12 March 1997. The Patent Office also issued an official renewal reminder notice on 15 March 1997 in accordance with rule 39(4). That reminder notice was addressed to Forrester Ketley & Co., the address for service for the patent, from where it was forwarded to CPA. It was then passed on to Dr Rickinson on 25 March 1997 with a covering letter explaining that CPA was still waiting for instructions. On 31 March 1997, Dr Rickinson left H.I.P. and the majority of his site responsibilities were passed to Mr Roberts including responsibility to oversee the company's patents. Mr Roberts says he then made himself familiar with the company's patent by going through Dr Rickinson's files.

10. In the absence of any instructions to pay the renewal fee, CPA issued its fourth and final reminder on 13 July 1997 but this still did not provoke any response from H.I.P.

11. Mr Roberts says he was not at the time given a copy of Dr Rickinson's letter to Mr Anderson of 10 January but he acknowledges receiving CPA's final reminder. He says he assumed at the time that the renewal fee had been paid and that Plasma would take over sole

responsibility for the patent. He therefore took the view that the reminder was redundant and so took no action.

Assessment

12. Section 28(3) provides:

“If the comptroller is satisfied that -

(a) the proprietor of the patent took reasonable care to see that any renewal fee was paid within the prescribed period or that that fee and any prescribed additional fee were paid within the six months immediately following the end of that period,

(b) [repealed]

the comptroller shall by order restore the patent on payment of any unpaid renewal fee and any prescribed additional fee.”

13. I am satisfied that the proprietors took reasonable care in setting up an effective and reliable system for renewing the patent as is evident from the facts that renewal fees up to and including the twelfth year were paid. The question is, did they also take reasonable care in operating that system to ensure that the thirteenth year renewal fee was paid.

14. In determining this matter, I shall start by identifying who I believe to be the person or persons who had overall responsibility for seeing that the renewal fee was paid. Once I have established this I shall consider whether or not the reason the thirteenth year renewal fee was not paid was because that person or those persons failed to take reasonable care. In this regard, it is helpful to refer to Lord Oliver’s interpretation of section 28(3) in the House of Lords’ judgement in *Textron Inc’s patent [1989] RPC 441*, where he concluded:

“I do not find it insuperably difficult to read “the proprietor” in (a) as meaning, in the case of a corporate proprietor, “the proprietor, by its directing mind . . .”. Nor is it, I think, 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 me 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.”

15. As I see it, judging from the facts in this case, there are three possible scenarios as to who constituted the directing mind when the thirteenth year renewal fee could have been paid:

- (a) Dr Rickinson (up to 31 March 1997) and Mr Roberts (after 31 March 1997);
- (b) Mr Anderson and Dr Rickinson jointly (up to 31 March 1997) and Mr Anderson and Mr Roberts jointly (after 31 March 1997); or
- (c) Mr Anderson.

16. Mr Anderson for Plasma and, up to 31 March 1997, Dr Rickinson for H.I.P. between them decided whether or not the patent should be renewed. However, Dr Rickinson had been delegated overall responsibility for administering matters to do with the maintenance of the patent and had complete authority over the operation of the system the proprietors had set up between them for ensuring that renewal fees were paid in time. It was Dr Rickinson who received and dealt with CPA’s reminders and the Patent Office’s rule 39(4) reminder notice and who, after jointly agreeing with Mr Anderson that the fee should be paid, issued the necessary instructions to H.I.P.’s Head Office. Therefore, although, under the arrangements established between Mr Anderson and Dr Rickinson, Mr Anderson had to be consulted about whether or not a renewal fee should be paid, it is clear to me that he was content to delegated overall responsibility for seeing that renewal fees were paid to Dr Rickinson. This included dealing with matters that may arise after instructions had been issued to H.I.P.’s Head Office such as the unexpected arrival of reminders from CPA and the Patent Office. Hence, applying the principle of *Textron* to the present case, I believe that Dr Rickinson was effectively the sole directing mind for the joint proprietors up to his departure from H.I.P. on 31 March 1997. After that date Mr Roberts took over Dr Rickinson’s responsibilities for dealing with matters relating to the patent and consequently became the directing mind from that date. It follows that if Dr Rickinson and later Mr Roberts failed to take reasonable care in performing

their duties as directing minds the proprietors, who they represented in respect to the maintenance of the patent, would have failed to take reasonable care.

17. Even if it were to be argued that Mr Anderson and Dr Rickinson, up to 31 March 1997, and Mr Anderson and Mr Roberts, after 31 March 1997, should be regarded as effectively joint directing minds, the fact is that in both cases Dr Rickinson and Mr Roberts had distinct delegated responsibilities in that role and it was crucial that they took reasonable care in carrying out those responsibilities. Therefore, while Mr Anderson may have taken reasonable care in performing his responsibilities as a joint directing mind, which was to inform Dr Rickinson or Mr Roberts that Plasma was content for the renewal fee to be paid, if Dr Rickinson or Mr Roberts then failed to take reasonable care in performing what was expected of them, then the joint directing minds, taken as a whole, could not be said to have taken reasonable care.

18. At the hearing Mr Suer endeavoured to persuade me that H.I.P., together with CPA were effectively acted as agents for Plasma. If Plasma was the sole proprietor that might be the case. However, the fact is that H.I.P. was a joint owner of the patent and had expressed a clear intension to remain a joint owner, at least until the end of 1997. H.I.P. also undertook to pay the thirteenth year renewal fee and recover half the cost from Plasma as had been done in previous years. Therefore, H.I.P. had as much of an interest and responsibility as Plasma in ensuring that the thirteenth year renewal fee was paid. Indeed, the decision to pay a renewal fee was not taken solely by Mr Anderson on behalf of the joint proprietors but was taken by Dr Rickinson and later Mr Roberts in consultation with Mr Anderson. Thus, H.I.P. should not be relegated to the position of a mere agent for the co-owner Plasma. I am therefore not persuaded that Mr Anderson should be regarded as the sole directing mind.

19. I now turn to the actions or inactions taken by the key players: Mr Anderson, Dr Rickinson and Mr Roberts. In the case of the thirteenth year renewal fee, Dr Rickinson followed standard practice. On receiving CPA's first reminder, he obtained Mr Anderson's confirmation that the fee should be paid and duly sent CPA's invoice to H.I.P.'s Head Office to arrange payment. Although we do not have a copy of the actual invoice or any

accompanying instructions that Dr Rickinson sent to the Head Office, the entry in the company's purchase invoice record book does suggest that the invoice was forwarded to that Office on 10 January 1997.

20. The fact that CPA did not pay the fee would have been apparent from the third reminder they sent to Dr Rickinson on 12 March 1997 and the rule 39(4) official reminder notice which was forwarded to him towards the end of that month. While I appreciate that Dr Rickinson would have been busy in March 1997 in the run up to his departure from H.I.P. at the end of that month, his failure to take appropriate action on receipt of these reminders falls short of what I would regard as taking reasonable care to ensure that the renewal fee was paid.

21. The situation could still have been retrieved when Mr Roberts took over as the directing mind or joint directing mind, as the case may be, bearing in mind that there was more than four months remaining of the six-month period allowed for paying the renewal fee with additional fees when Mr Roberts took over Dr Rickinson patent responsibilities. Mr Roberts says he took no action on receipt of CPA's final reminder dated 13 July 1997 because he assumed from his previous discussion and correspondence with Mr Anderson that Plasma would take sole responsibility for the patent. He therefore assumed the matter of renewals had been dealt with and that the reminders were redundant. The question is, was it reasonable for Mr Roberts to hold these assumptions?

22. Mr Roberts assumption that Plasma had taken over responsibility for the patent is somewhat surprising given that his predecessor Dr Rickinson was clear in his own mind, before he handed over responsibility to Mr Roberts, that H.I.P. was content to renew the patent for at least another year, as is evident from his letter to Mr Anderson of 10 January 1997 in which he says "we will proceed with the patent at ½ cost for a further 12 months". In making this statement, Dr Rickinson refers in his letter to a discussion Mr Anderson had with "Danny" which I understand is a reference to Mr Roberts. In his last statutory declaration Mr Roberts says "I believe the discussion, referred to in this letter, between myself and Mr Anderson was one on an occasion when I accepted a telephone call from Mr Anderson in the absence of Dr Rickinson and asked him whether there was any commercial activity based on

the patent. His reply was that there was not.” While Mr Anderson may well have said there was no commercial activity at the time this does not, of course, mean that the patent did not have any commercial value and was not worth maintaining.

23. Even if Mr Roberts did misunderstand any conversation he had with Mr Anderson, the fact remains that he received CPA’s final reminder. The reminder would have included a prominent warning that the patent would lapse if no instructions were received within a period specified in the reminder itself. It should have been patently obvious from that reminders that the renewal fee had not been paid and that CPA was clearly under the impression that H.I.P. was still responsible for the patent and not Plasma. If Mr Roberts thought that Plasma was responsible for paying the renewal fee, why did he not forward the reminder to that company or at least check the situation to satisfy himself that his assumption was correct. To take no action and simply ignore the reminders is not what I would regard as taking reasonable care to see that the renewal fee was paid.

24. As I am satisfied that up to 31 March 1997 Dr Rickinson and after that date Mr Roberts were effectively acting as the directing minds or at least acting as the joint directing mind with Mr Anderson, their failure to take reasonable care in performing their duties in that capacity constitutes a failure on the part of the joint proprietors to take reasonable care to see that the thirteenth year renewal fee was paid. Therefore, I am not satisfied that the proprietors have met the requirements for restoration as specified in section 28 and so I must refuse the application for restoration.

25. Any appeal against this decision must be lodged within six weeks of the date of this decision.

Dated 1st day of February 2000

M C Wright

Senior Legal Adviser, acting for the Comptroller

THE PATENT OFFICE