

This decision is reissued on 26 June 2000 to correct an error in the period allowed for appeal

PATENTS ACT 1977

IN THE MATTER OF an application
under section 28 for the restoration of
European patent (UK) 0580630
in the name of Clinical Product Development Ltd

DECISION

1. The renewal fee in respect to the seventh year for the patent fell due on 3 April 1998. The fee was not paid by that date or during the six months allowed under section 25(4) upon the payment of the prescribed additional fees. The patent therefore lapsed on 3 April 1998. The application for restoration of the patent was filed on 10 August 1999, 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 the Patent Office issued a letter on 7 March 2000 informing the proprietor that the Office was not satisfied that the requirements for restoration, as laid down in section 28(3), had been met. The matter came before me at a hearing on 12 May 2000. The hearing was attended by Mr J Peters, the sole Director of Clinical Product Development Ltd, the proprietor company, and Mr J Lerwill and Mr M Hedges of A.A. Thornton & Co. Mr I Sim attended on behalf of the Patent Office.

The facts

2. The evidence filed in support of the application for restoration consists of two statutory declarations by Mr Peters dated 11 November 1999 and 11 February 2000. European patent (UK) 0580630 is one of a family of patents, there being patents granted for the same invention in France, Germany, Italy and Spain. Clinical Product Development Ltd, which I shall refer to as CPD, used the services of the annuity paying agency Computer Patent Annuities (CPA) which would send CPD reminders when a renewal fee was due and pay the renewal fee and any additional fees on CPD's instructions. In his first declaration Mr Peters says he was fully responsible for communicating with CPA and for taking all decisions on

behalf on CPD with regard to the maintenance of the patent. The reminders that CPD issued comprised a tear-off portion which Mr Peters was required to complete and return if he wanted the renewal fee to be paid.

3. In the case of the seventh year renewal fee, CPA sent Mr Peters four reminders. The first and second reminders were issued on 4 January and 3 March 1998 respectively, ie before the due date for payment, while the third and fourth reminders were issued on 4 May and 3 September 1998, ie after the due date but within the six-month period for paying the renewal fee with additional fees. CPA also forwarded to Mr Peters the official renewal notice which the Patent Office issued on 17 April 1998 in accordance with rule 39(4). Mr Peters did not issue any instructions to CPA in response to those reminders. Consequently CPA did not pay the renewal fee and the patent ceased.

4. In his second declaration Mr Peters explains that the reason he did not respond to the reminders is that after issuing instructions to CPA to pay the *sixth* year renewal fee, following receipt of a reminder which CPA sent him on 13 February 1997, he believed that CPA would understand that he wished to maintain his patents in force and would pay all future fees in the absence of him issuing instructions to the contrary. He therefore assumed that CPA's reminders in respect to the seventh year renewal fee were issued in order to give him an opportunity to instruct the company not to pay the fee.

5. He also said in his first declaration

“I did not respond to any of these reminders because it was my understanding and firm belief at the time that CPA would not allow the European patent to lapse for any country without clear instructions from me not to pay the renewal fee.”

6. Mr Peters repeated this point at the hearing when he said:

“I appreciated that the fee had to be paid but I thought that the system I set up with the assistance of A.A. Thornton was that CPA would ensure that the patent did not lapse. The reminders were there but at the end of the day, I thought there was a bottom line where they would cut in to prevent cessation of the patent.”

7. In his first statutory declaration Mr Peters says he received reminders before and after the renewal due date. However, in his second declaration he says he is unable to confirm that he received all the reminders though he does recall seeing at least some of them. He goes on to say in that declaration that mail delivered to his Post Office Box address was handled by a colleague who at the hearing was identified as his wife. He says that he subsequently discovered that she had not been passing all his mail to him but only that which she considered required his attention. Consequently, some correspondence was disposed of without his knowledge.

8. In his first declaration he says that shortly before 3 October 1998, which was the date the six-month period for paying the renewal fee with additional fees expired:

“I telephoned CPA and I understood from what I was told by a female member of staff that the patent would be automatically renewed, but, in any event, I need not worry if it lapsed because I had a period of 18 months in which I could have it restored. I now realise that I must have misunderstood what was said by the CPA representative during that conversation.”

9. Unfortunately, there is no record of the person to whom Mr Peters spoke at CPA or of the precise content of the conversation.

10. In his second declaration he says that the reason he telephoned CPA was that he was aware from a communication from CPA that 3 October 1998 might be a significant date and thought it prudent to contact the company to ensure that all was in order. The only reminder from CPA which refers to 3 October 1998 was the final reminder dated 3 September 1998.

Evaluation

11. Section 28(3) provides:

“If the comptroller is satisfied that 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, the comptroller shall by order restore the patent on payment of any unpaid renewal fee and any prescribed additional fee”

12. Mr Peters admits that he had full responsibility in CPD for ensuring that renewal fees were paid. In other words, he was the “Directing Mind”, ie the person responsible for deciding whether or not a renewal fee should be paid and for seeing that it was paid. The question is, did he take reasonable care in performing that role in respect to the seventh year renewal fee?

13. The system CPD adopted for ensuring that renewal fees were paid is a fairly typical and reliable arrangement employed by patent proprietors who use the services of a patent annuity paying agency. What I have to decide is whether Mr Peters took reasonable care in playing his part in that system, ie. to instruct CPA to pay the renewal fee following receipt of CPA’s reminders. In addressing this question, it would help if I consider the key factors which have been put forward in the evidence as contributing to Mr Peters failure to issue the necessary instructions, namely:

- (A) his continuing belief that the instructions he issued to CPA to pay the sixth year renewal fee would be taken by CPA as standing instructions to pay all future fees unless he issued instructions to the contrary;
- (B) his presumption that CPA would not allow the patent to lapse;
- (C) his claim that his wife may not have passed on to him all CPA’s reminders; and
- (D) his belief that the person he spoke to over the telephone at CPA had reassured him that the renewal fee would be paid.

As to (A) above

14. The CPA reminder dated 13 February 1997, which prompted Mr Peters to issue instructions to pay the *sixth* year renewal fee, says nothing about issuing any form of standing instructions. Moreover, in his second declaration Mr Peters says that he returned that reminder with positive instruction to pay the sixth year fee but gave no other instructions. In particular he says he gave no explicit instruction that the patent should be maintained in force in the absence of instructions to the contrary. In other words he admits that he did not give standing instructions to CPA to pay all future fees. It is unclear therefore why Mr Peters believed that his instructions to pay the sixth year fee would be viewed by CPA as a standing instruction to pay all future fees automatically.

15. I find it difficult to comprehend why, after he received reminders from CPA asking for instructions to pay the seventh year fee, Mr Peters continued to believe that CPA would automatically pay that fee and assumed that the reminders were sent in order to give him an opportunity to reverse any earlier standing instructions. The fact is that it was made clear in each reminder that if the renewal fee was to be paid Mr Peters would have to return the tear-off slip on the reminder marked with his instructions. None of the reminders asked Mr Peters if he wanted to retract any previously issued standing instructions. In fact, the first reminder included the following statement:

“Please contact us if you wish to give standing instructions for your cases to be renewed automatically”

16. Why would Mr Peters continue to think he had already given CPA standing instructions to pay the fee automatically after receiving a reminder which asked him if he wanted to issue such instructions? Moreover, if Mr Peters thought CPA would pay the fee automatically why did he not question why they had not paid the fee by the due date, bearing in mind that after that date he would incur the cost of paying additional fees in the six-month extension period? It is also relevant to note in this context that Mr Peters admitted at the hearing that he had patents for other inventions for which he had been paying renewal fees annually which suggests that he was familiar with renewal arrangements and that active steps needed to be taken by him every year to ensure that each year’s fee was paid.

17. All this suggests to me that it was unreasonable for Mr Peters to believe, and continue in his belief after receiving CPA's reminders, that the instructions he gave in respect to the sixth year renewal fee would be viewed by CPA as standing instructions to pay all subsequent fees automatically and that he could therefore ignore the reminders CPA sent him in respect to the seventh year renewal fee.

As to (B) above

18. CPA's final reminder dated 3 September 1998, which Mr Peters indicated at the hearing he did receive, included the statement:

“The following cases are about to lapse. In order to avoid loss of your rights, please return the tear-off slip marked with your instructions IMMEDIATELY.

We cannot accept any liability for failure to renew as a result of late instructions.”

19. It should have been clear from that statement that if Mr Peters did not return the tear-off slip with instructions to pay the fee CPA would not pay and the patent would lapse. I find it unreasonable for Mr Peters, having seen that reminder, to continue to believe that CPA would pay the renewal fee in the absence a positive reply or that the reminder could be construed as offering him the opportunity to cancel previous standing instructions. In fact, at the hearing he admitted that he may have become complacent in believing that CPA would not allow the patent to lapse.

As to (C) above

20. While Mr Peters' wife may not have passed on all CPA's reminders he admits that he received some of the reminders. I cannot therefore see why the fact that he may not have seen all the reminders would have caused him to continue in his belief that he did not have to reply to the reminders he did receive. The final reminder, which he says he did see, is unequivocal in warning him that the patent would lapse if he did not reply instructing CPA to pay.

As to (D) above

21. I would find it surprising that someone in a specialist and competent renewal paying agency like CPA would tell Mr Peters that the seventh year renewal fee would be paid and at the same time inform him that he need not worry if it did lapse as he could apply to have it restored. I can understand an employee of CPA telling Mr Peters about restoration after the 3 October 1998 deadline when it would have been too late to pay the fee. But why would they want to say anything about restoration before that date when there was still time to pay the fee, especially if, as Mr Peters says, they told him the fee would be paid? In fact Mr Peters says himself in his first declaration that he “must have misunderstood what was said by the CPA representative during that conversation”. Mr Lerwill also cast doubt on the possibility of someone in CPA giving such information. Mr Hedge postulated that Mr Peters may have told the person he spoke to that he had already given CPA standing instructions to pay in which case it would be understandable why that person would then say that the fee would be paid. If that was the case, then Mr Peters’ continuing and unreasonable assumption that he had issued such standing instruction would have been the reason why the person he spoke to did not take any action to pay the fee.

22. Mr Peters’ admission that he must have misunderstood what was said during his telephone conversation with the person at CPA throws doubt on what he understood he was told and in the absence of any record of the conversation or statement by the person to whom he spoke it is difficult to establish what in fact was said. However, from his statutory declarations and what he said at the hearing, it appears that, despite seeing CPA’s final reminder inviting him to instruct them to pay the renewal fee if he wanted the patent renewed, he did not issue such instructions to the person he spoke to at CPA believing that he had already given CPA standing instructions. Nor does it seem did he ask that person to check that he was correct in his assumption that he had issued standing instructions. To the contrary, if he said that he had already issued standing instructions then that may well have misled the person into believing that no action needed to be taken as the fee would be paid automatically by CPA in accordance with those instructions. Accordingly, Mr Peters’ continuing unreasonable assumption that he had issued standing instructions is the most likely factor to have lead to any misunderstanding and the reason why CPA did not pay the renewal fee.

Findings

23. Taking all these factors into account, I am not persuaded that the proprietor, represented by Mr Peters who was responsible for ensuring that renewal fees were paid, took reasonable care to see that the seventh year renewal fee was paid. It follows that I am not satisfied that the requirements of section 28(3) have been met and must refuse the application for restoration.

24. An appeal against this decision must be lodged within six weeks of the date of this decision

Dated 26th day of June 2000

M C Wright

Senior Legal Adviser, acting for the Comptroller

THE PATENT OFFICE