

## **PATENTS ACT 1977**

IN THE MATTER OF an application  
under section 28 for restoration of  
patent GB2251692 in the name of  
Comet Technology Limited

### **DECISION**

#### **Background**

1. The renewal fee in respect of the tenth year of the patent fell due on 18 December 2000. 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 18 December 2000. The application for restoration of the patent was filed on 8 July 2001, 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 proprietor on 25 March 2003 informing them that it was the preliminary view of the Patent Office that the requirements for restoration, as laid down in section 28(3), had not been met. The proprietor did not accept this preliminary view and requested a hearing. The matter came before me at a hearing on 1 October 2003.
2. Mr O. T. McConn of the proprietor company Comet Technology Limited (Comet) and Mr E. J. Godwin of Marks & Clerk attended the hearing. Mr Mike Hewlett attended on behalf of the Patent Office.
3. The evidence filed in support of the application consists of five witness statements by Mr McConn dated 1 July 2002, 21 November 2002, 24 February 2003, 14 August 2003 and 1 October 2003.

#### **The Facts**

4. Mr McConn, who is the inventor and a director of Comet, was responsible for deciding whether the patent should be renewed and for seeing that the renewal fee was paid. Up to and including the ninth year renewal fee the annuity paying agency, Computer Patent Annuities (CPA), sent Comet reminders when a renewal fee was due to be paid. On receipt of a reminder Mr McConn would issue instruction to the accounts department of Comet's sister company Steelform Limited to pay the renewal fee to CPA, together with their service fee. CPA would then arrange for the fee to be paid to the Patent Office.
5. In the case of the tenth year renewal fee, Mr McConn did not receive the reminders CPA would normally send before the renewal due date. The first reminder he received from that agency was a letter dated 16 January 2001 enclosing the renewal reminder notice, dated 2 January 2001, which the Patent Office is required to issue in accordance with rule 39(4) if no renewal fee is received by the due date. The renewal reminder notice explained that the renewal fee of £150 was due on 18 December 2000. It also included the following

passage:

If you wish to renew and you do not pay the renewal fee shown above within one month from the renewal due date, you will have to pay extension fees of , 24 for each month or part month that has elapsed since the expiry of that first month.@

6. On receipt of this letter Mr McConnell says he decided to instruct Steelforms= accounts department to send the payment for the renewal fee direct to the Patent Office rather than to CPA. He says he did this to get the fee to the Office as soon as possible. However, by the time the Office received the payment a one month extension fee was also due. The Patent Office, therefore, sent Mr McConnell a letter on 25 January 2001 informing him that an extension fee of , 24 had to be paid by 18 June 2001 otherwise the patent would cease.
7. After receiving the Office=s letter of 25 January 2001, Mr McConnell says that on 6 March 2001 he dictated a letter, signed it and gave instructions that a bank draft for , 24 should be attached to it and sent to the Patent Office. However, the Office has no record of receiving the letter or the bank draft despite having carried out a thorough investigation.
8. In the absence of any reply to its letter of 25 January 2001, the Patent Office sent a further letter to Mr McConnell on 14 May 2001. As that letter is a key item in this case, I think it is appropriate to reproduce the text here.

APatents act 1977: Patents Rules 1995  
Patent Number: GB2251692  
Renewal fee due: , 174

I refer to my colleague=s letter of 25 January 2001, a copy of which is attached for your records.

If the additional fee of , 24 is not received on or before 18<sup>th</sup> June 2001, the patent will cease to be in force and a refund will be made.@

9. On receiving this letter, Mr McConnell says he did not understand it to mean that the payment of , 24 had not been received. He says he assumed Sarah Handy, of the Office=s Patent Renewals Section, who had signed the letter, was not aware that he had sent a bank draft in reply to the Office=s letter of 25 January 2001, which had been issued by Ms Handy=s colleague, Sandra Bevan. He therefore assumed that Ms Handy had sent her letter unnecessarily and took no further action. Consequently the extension fee remained unpaid and the patent was eventually recorded as ceased.
10. At the hearing Mr Hewlett said that the Office also had a copy of another letter on the patent file addressed to Mr McConnell. That letter was also dated 25 January 2001 which Mr Hewlett believed was an error. This other letter refers to the total fee due as , 174, i.e. the tenth year renewal fee of , 150 plus the , 24 extension fee. Mr McConnell says he cannot recall receiving that letter.

## Assessment

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. In assessing this case, I am mindful of the following comment by Aldous J in *Continental Manufacturing & Sales Inc. v Patent* [1994] RPC pages 535 to 545: @The words reasonable care= do not need explanation. The standard is that required of the particular patentee acting reasonably in ensuring that the fee is paid.@ Therefore, it is important to take into account all the surrounding circumstances and decide in light of those circumstances whether reasonable care has been taken.
13. The reason the Patent Office took the preliminary decision not to allow restoration was that Mr McConnell's failure to take appropriate action on receipt of the Office's letter of 14 May 2001, on the assumption that it had been sent in error, was not consistent with taking reasonable care to see that the renewal fee was paid. The Office felt that Mr McConnell should have at least checked the situation with the Office when he received that letter to ensure that the full amount had been paid.
14. At the hearing Mr Godwin argued that it would not have been immediately evident from the letter of 14 May 2001 that the Office had not received the additional fee of £24 as the letter did not actually say that the Office had not received that fee. He argued that the letter could be viewed not so much as a reminder but as a way of the Office making sure that its letter of 25 January 2001 had been received by Mr McConnell. Mr Godwin likened it to receiving a confirmation copy of a faxed message or of a gas bill, the payment of which had already been made. He therefore argued that Mr McConnell's misinterpretation of the letter was due to a genuine mistake and lack of knowledge of patent renewal procedures rather than a failure to take reasonable care.
15. I accept that the letter of 14 May 2001 is not explicit in stating that the Office had not received the extension fee of £24. However, I believe it is at least implicit from what is said in the letter, that the Office had not received the fee. If Mr McConnell thought that the fee had been sent and received by the Patent Office on or shortly after 6 March 2001, it seems unreasonable for him to then assume that the reason the Office sent a further reminder letter, some two months later, was to ensure that he had received an earlier reminder dated 25 January 2001. The 14 May 2001 letter should have, at the very least, cast doubt on the Office having received the £24 fee. Of particular note in this respect is that Mr McConnell had no guarantee that that payment had been made, bearing in mind that he did not personally send it and had not received a receipt for it. I therefore find it unreasonable for him to simply dismiss the letter as having been sent in error or in case he had not received

the earlier reminder.

16. It was also revealing to hear Mr McConn say at the hearing that his company Aquite often experienced problems with payments being allocated to the wrong account which would be rectified later when the accounts were audited. In fact, in referring to the extension fee in question, Mr McConn said:

AI felt that the payment had been made and was in the workings somewhere and either it had been allocated incorrectly or something had happened with it but that it would eventually clear and the account would be discharged.

17. This was a very risky approach to take given that there was an absolute deadline for paying the fee which could be passed before any misallocation of the payment came to light. The payment problems Comet was experiencing was also a further indication that it was unsafe for Mr McConn to assume that the fee must have reached the Patent Office and that the Office's letter of 14 May 2001 must have been sent in error and therefore could be ignored.
18. As for Mr Godwin's comments that Mr McConn was unfamiliar with the patent system, the Office's letter of 14 May 2001 is very brief and clearly explains that if the , 24 additional fee was not paid by 18 June 2001 the patent would cease. It does not require familiarity with the patent system to understand it. If, as Mr Godwin suggested, the letter was not easy to interpret, which is not something I would accept, then that in itself is another reason why it was unreasonable for Mr McConn to assume it did not require action without first checking with the Patent Office.
19. I do not feel that the other reminder letter referred to by Mr Hewlett, which was also dated 25 January 2001 but which was not received by Mr McConn, has significance, as Mr McConn did receive two reminders from the Patent Office, one dated 25 January 2001 and a later one of 14 May 2001, which he should have acted upon.
20. Although Mr McConn took initial steps to pay the , 24 fee by issuing instructions for it to be paid, it was drawn to his attention some two months later in a subsequent letter that the Patent Office had not received the payment. To see that the additional fee was paid, therefore, Mr McConn needed to take care to ensure that appropriate further steps were taken, following the receipt of that letter, to satisfy himself that the fee had been paid and, if it had not, to see that it was paid within the remainder of the prescribed extension period. This is consistent with the remarks made by Whitford J in *Lings and Wilson and Pearce Patent [1981] RPC 85*:

When considering the duty to take reasonable care it is not merely a question of taking reasonable care to see that the steps are initiated. That is only the first step that has to be taken. You then have to take reasonable care to see that, on being alerted to the impending need to pay the renewal fee, the other steps appropriate to be taken are taken.

## Conclusion

21. Why the , 24, which Mr McConn had initially instructed should be paid to the Patent Office, was not received by the Office is not known. However, the fact remains that Mr McConn, who had overall responsibility for seeing that the renewal fee was paid, received a letter from the Office some two months later which would have called into question any belief he had that the Office had received the payment. I am not persuaded that his assumption that the letter had been sent in error was reasonable in the circumstances. At the very least, I would have expected him to check the situation with the Office. Mr McConn's decision to ignore that letter and not act on it falls short of what I would regard as taking reasonable care to see that the prescribed additional fee was paid. It follows that I am not satisfied that the requirement for restoration specified in section 28(3) has been met and accordingly refuse this application.
22. Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

Dated this 5<sup>th</sup> day of November 2003

M C Wright  
Assistant Director, acting for the Comptroller

**THE PATENT OFFICE**