



24 January 2011

PATENTS ACT 1977

APPLICANT Farrow Holdings Group Inc.

ISSUE Whether patent numbers GB2344348
 and GB2372039 should be restored
 under section 28

HEARING OFFICER B Micklewright

DECISION

Introduction

1. The renewal fees in respect of the ninth year of both patents fell due on 6 December 2007. The renewal fee was not paid by that date or during the six months allowed under section 25(4) upon payment of prescribed additional fees. The applications for restoration were filed on 31 July 2009 within the thirteen months prescribed under rule 40(1) of the Patents Rules 2007 for applying for restoration.
2. After consideration of the evidence filed in support of the application for restoration, the applicant was informed that it was the preliminary view of the Intellectual Property Office (IPO) ("the Office") that the requirements for restoration as laid down in section 28(3), had not been met. The applicant did not accept this preliminary view and requested a hearing. The matter therefore came before me at a hearing on 30th November 2010 at which the applicant was represented by Mr Giles Fernando (Counsel).

The law

3. The relevant provision of the law is section 28(3) of the Patents Act 1977 ("the Act"). This states:

28.-(3) If the comptroller is satisfied that the failure of the proprietor of the patent -

(a) to pay the renewal fee within the prescribed period; or

(b) to pay that fee and any prescribed additional fee within the period

ending with the sixth month after the month in which the prescribed period ended,

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

The patentee's submissions

4. This case is somewhat unusual in that two quite separate sets of evidence were filed in support of the application for restoration which on the face of it appear to have significant inconsistencies between them.

Initial evidence

5. Initially evidence was provided in the form of a letter dated 28 July 2009 from the applicant's patent attorneys Novagraaf Norwich Limited. According to this letter Farrow System Limited, the registered proprietor of the patents at the renewal date, were experiencing financial difficulties at the time which eventually led to the company going into receivership. These financial difficulties meant that Farrow System Limited were unable to pay the renewal fees to maintain the patents due to a lack of adequate funds.
6. The letter also indicated that prior to receivership an asset purchase agreement was executed between Farrow System Limited and Farrow Holdings Group Inc. on 11 December 2007 in which both patents were assigned to Farrow Holdings Group Inc. According to the letter there was however some uncertainty surrounding the status of the assignment and because of this uncertainty Farrow Holdings Group Inc. considered that they were not in a position to be able to maintain the patents.
7. A witness statement from Nigel Farrow dated 18 June 2010 was subsequently filed which states that the receivers, Price Waterhouse Coopers, did not believe that a valid transfer of company assets from Farrow System Limited to Farrow Holdings Group Inc. had taken place.
8. At paragraph 6 of the witness statement Mr. Farrow states that "although we intended therefore for the patents to continue we since then have invested a lot of time and money to restore and maintain the patents (both in the United Kingdom and worldwide) we did not feel able to do so given the stance of the Receivers".

The Office's view

9. After an exchange of correspondence in relation to the initial evidence, the IPO issued a letter dated 19 April 2010 expressing the view that the application should be refused because the failure to pay the renewal fee was not unintentional. Farrow Holdings Group Inc. could have paid the renewal fees at any point in the renewal period, i.e. before or after the assignment was formally registered on 17 April 2008, but chose not to do so. Following further correspondence the Office issued a further letter dated 30 June 2010 stating its view that the application to restore should not be allowed because both

Farrow System Limited and Farrow Holdings Group Inc. made decisions not to pay the renewal fees and therefore the failure to pay the renewal fees on time cannot be taken to have been unintentional.

Further evidence

10. Further evidence by way of witness statements by Nigel Farrow and Gary Raubenheimer of Kulu Ventures LLC dated 27 November 2010 was filed the day before the hearing.
11. Mr Farrow states that the previous evidence from Novagraaf Norwich Limited did not reflect the position of Farrow Holdings Group Inc. at the material times. He states: "These matters relied upon in the correspondence were made in error, based on a misunderstanding of the true position".
12. According to Mr. Farrow's second witness statement, in November 2007 Mr Farrow entered into a partnership with Kulu Ventures. Kulu Ventures provided funds and administration services including maintenance of the intellectual property portfolio. Mr Farrow provided the intellectual property itself and took responsibility for production and sales. As a result of the partnership, Farrow Holdings Group Inc. was set up and licensed the patent portfolio to Farrow Systems USA Inc, which was jointly owned by Mr Farrow and Kulu Ventures.
13. Mr Farrow states that he often asked Mr Raubenheimer about the patent portfolio. Mr Raubenheimer would respond by stating that matters were in hand. At no time did Mr Farrow understand that the renewal fees on the two patents in suit were not paid and there was no suggestion that payments were being held back pending outcome of an ownership dispute. Mr. Farrow states in this second witness statement that if he had known that the renewal fees were not being paid, he would have insisted that they were paid by Kulu Ventures.
14. Paragraph 33 of Mr Farrow's witness statement dated 27 November 2010 refers to his previous witness statement dated 18 June 2010 and in particular the passage in which he said "we did not feel able to do so given the stance of the Receivers". In this fresh evidence he now confirms that he was not referring to the payment of renewal fees but to the potentially expensive restoration procedure.
15. Mr Farrow further explains that the position previously set out in correspondence between Novagraaf Norwich Limited and the Office did not tally with his understanding of the intention of his company at the relevant times. He always believed that Kulu Ventures would pay the renewal fees and as far as he was concerned his company never intended not to pay the renewal fees.
16. Mr Raubenheimer's witness statement dated 27 November 2010 also confirms that the position previously set out in correspondence between Novagraaf Norwich Limited and the Office does not reflect his recollection of events. Mr Raubenheimer confirms that Kulu Ventures were responsible for

maintaining the patents, however because of the financial difficulties endured by Farrow Systems Limited a significant unpaid liability was due to Novagraaf Norwich Limited, who in turn would not release any documentation until the debt was paid. As a result, Kulu Ventures did not receive significant paperwork regarding the patents.

17. Mr Raubenheimer confirms that he does not recall receiving official notification regarding the renewal fees. Had he have done so he would have ensured that the fees were paid and that money was available to do so. Mr Raubenheimer argues that the failure to pay the renewal fees was a simple mistake caused by a lack of paperwork and because their attention was spread elsewhere.

Assessment

18. There are clearly discrepancies between the two sets of evidence. I am faced with the task of deciding which most accurately represents the circumstances surrounding the failure to pay the renewal fees on these two patents. I will then go on to decide if, given those circumstances, the failure was unintentional.
19. The objections of the Office were based entirely on the initial evidence as filed, in particular Mr Farrow's statement that "although we intended therefore for the patents to continue we since then have invested a lot of time and money to restore and maintain the patents (both in the United Kingdom and worldwide) we did not feel able to do so given the stance of the Receivers". That statement suggested to the Office that Mr Farrow had taken a deliberate decision not to renew the patents and therefore had not met the requirements of section 28(3).
20. Mr Farrow's witness statement dated 27 November 2010 however explains that he was referring to restoration proceedings, and paints a quite different picture as to the circumstances surrounding the failure to pay the renewal fees. I note that at the hearing Mr Fernando was also at a loss to explain the true meaning of the earlier witness statement but clearly advocated that the latter filed evidence represented the true position.
21. As such I have no difficulty in accepting that argument, especially as it seems to me on the balance of probabilities to be a much more plausible scenario.
22. It falls on me then to decide whether the fresh evidence fulfils the requirements of section 28(3) of the Act. The conclusions from that evidence may be summed up as:
 - Mr Farrow left matters relating to the renewal of the patents in suit to Kulu Ventures as this was clearly their responsibility under the agreement they had entered into.
 - Although money was available at the relevant time to meet the renewal costs, Kulu Ventures do not recall ever having received any reminders

about the renewal of the patents and also their attention was spread. The matter was therefore overlooked and the renewal fees were not paid in time.

23. Both Mr Farrow and Kulu Ventures would have paid the renewal fees had they realised that they were due and had not been paid. It seems to me that Mr Farrow and Kulu Ventures both intended to pay the outstanding renewal fees within the prescribed period or during the period ending with the sixth month after the month in which the prescribed period ended. They did not do so due to a mistake in overlooking the matter. I therefore conclude that the failure to pay the renewal fee within the period set out in section 28(3)(b) of the Act was unintentional.

Conclusion

24. It is unfortunate that the evidence filed immediately before the hearing was not disclosed earlier. Indeed had it been filed during the initial processing of the applications a hearing may not have been necessary at all.
25. I have found that the second set of evidence represents a more plausible version of events and have therefore accepted this version of the circumstances surrounding the failure to pay the renewal fee on time. Based on these circumstances, I have found that the failure to pay the renewal fee in the period prescribed by section 28(3) of the Act was unintentional. I therefore allow the application for restoration.

B MICKLEWRIGHT

Deputy Director acting for the Comptroller