

## **PATENTS ACT 1977**

**IN THE MATTER OF** an application  
under section 28 by Interroof Products Limited  
for the restoration of Patent GB2251575

### **DECISION**

1. The renewal fee in respect to the eighth year for the patent fell due on 9 December 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 9 December 1998. The application for restoration of the patent was filed on 8 June 2000, 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 issued on 2 April 2001 informing the proprietor, Interroof Products Limited (IPL), that the Patent Office was not satisfied that the requirements for restoration, as laid down in section 28(3), had been met.

2. In a letter dated 1 May 2001, Roystons, the patent agents acting for the proprietor, informed the Office that their client wished to be heard in the matter. However, the Office has been unable to fix a date for the hearing because Mr Michael Joseph Birrell, the Managing Director of IPL, who was to represent the company at the hearing, has not been in a fit state of health to attend. Roystons eventually wrote to the Office on 16 January 2002 indicating that the Hearing Officer should issue a decision based on the papers. In the circumstances, it will be necessary for me to consider the application for restoration on the basis of the papers contained on the Patent Office file for the patent.

3. The evidence consists of three statutory declarations by Mr Birrell dated 21 June 2000, 20 September 2000 and 5 February 2001.

### **The Facts**

4. Mr Birrell has not explained the system IPL used to ensure renewal fees were paid on time. However, it is clear from his references to the annuity paying agency Computer Patent Annuities (CPA) that IPL used that agency to send it reminders when a renewal fee was due and paid the fees through that agency.

5. Mr Birrell invented the product covered by the patent when he worked for GRC Products Limited to which the patent was granted on 16 November 1994. Following the dissolution of GRC, ownership of the patent was transferred to IPL by Order of the Court dated 10 February 1998. Mr Birrell became a director of IPL and, as is apparent from his statutory declarations, he was responsible for ensuring that the eighth year renewal fee on the patent was paid. In his first statutory declaration, Mr Birrell says he was aware that the patent would need to be renewed but says that extreme mitigating circumstances contributed to the non payment of the renewal fee. Those mitigating circumstances, which involved financial and personal problems, can be summarised as follows:

- In February 1998, the company, through which IPL factored its invoices, terminated its agreement with IPL which meant that IPL had to repay that company what it owed and consequently experienced a rapid drop in liquidity.
- Towards the end of 1998 Mr Birrell's one fellow executive director left the company and this led to a loss in customers and consequential cash flow problems.
- IPL was also required to pay back a loan from its founder in stages up to June 1999.
- Following the death of his mother in 1997, Mr Birrell became involved in a dispute with his landlords about his entitlement to remain in his home and says he spent a huge amount of time dealing with the matter which resulted in the case going to Court in March 1999. Although, as a result of the hearing, he was allowed to stay in his home for a specified number of years he had to pay the landlords £2,100 by 31 April 1999 which added to his financial problems.

6. In his third statutory declaration Mr Birrell says that although he was experiencing these severe financial difficulties at the time the eighth year renewal fee should have been paid, he believes that the money necessary to pay the fee could have been found. However, faced with these financial problems he says he saw his primary task as ensuring the survival of his business and so devoted all of his attention to developing the company's customer base and improving cash flow. He says he had to be selective about who got paid and made payment of wages and raw materials a priority. As a consequence much of the correspondence sent to his company remained unopened, including the reminders CPA would have sent and the official reminder the Patent Office issued on 23 December 1998 in accordance with rule 39(4). In fact, in his third statutory declaration he actually says that he has no doubt that correspondence from CPA relating to the patent arrived at his home address and remained unopened.

7. In both his second and third statutory declarations Mr Birrell actually admits that unless payment requests were brought to his attention in a forceful manner, as in the case of the loan he was repaying to the founder of the company, he did not deal with them. Any bills, which he says would have included CPA's reminders and the rule 39(4) reminder notice, would remain unopened.

8. Mr Birrell says it was the extreme stress associated with his financial difficulties together with his personal problems which he believes resulted in his failure to see that the eighth year renewal fee was not paid. However, he says he did not seek help from his doctor at the time and has not provided any medical evidence to support his claim that the stress he was experiencing was severe enough to impair his ability to pay the renewal fee.

### **Assessment**

9. What I now have to decide is whether or not the proprietor has met the requirements for restoration as set out in section 28(3) which 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."*

10. In deciding this matter I am conscious of the statement of Aldous J in *Continental Manufacturing & Sales Inc's 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."

11. It is clear from what Mr Birrell says in his statements that he was solely responsible for deciding whether or not to pay the eighth year renewal fee and for seeing that it was paid. The fact that he says he had to be selective about who got paid and who did not, is confirmation of this. There is no reason to doubt that CPA sent reminders to IPL in respect to the eighth year renewal fee and there is nothing to suggest that they were not received by the company. The same is true of the Patent Office's rule 39(4) reminder notice which issued on 23 December 1998. The question is, did Mr Birrell take reasonable care in playing his part in the operation of the renewal system?

12. I sympathise with the pressure Mr Birrell must have been under during the period the eighth year renewal fee could have been paid. However, I am not convinced that the mitigating circumstances that prevailed during that period were such as to exonerate his failure to pay the renewal fee. To the contrary, the picture he paints is of a man clinging to the reins of control who is still capable of carrying on with business activities in an endeavour to keep his company afloat while pursuing a demanding Court action to remain as a tenant in his family home.

13. Mr Birrell's frank admission that, despite being aware that annual renewal fees had to be paid to maintain the patent in force, he took a conscious decision to ignore correspondence, which he admits would have included renewal reminders, falls well short of what I would regard as taking reasonable care to see that the eighth year renewal fee was paid.

14. A patent is a valuable piece of property, as Mr Birrell acknowledges in his second statutory declaration, and it is in the proprietor's interest to safeguard such an asset. Payment of renewal fees is therefore a matter which is in the interest of the payer to see is paid and should accordingly be treated differently from a debt which is in the interest of the creditor to pursue. In this regard it is appropriate to recall the observation made by Whitford J in *Convex Ltd's Patent*, [1980] RPC 423:

"Whereas failure to make a payment due on account may not have 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."

Mr Birrell's decision to only make payments when pressed, without making any exception for payment of renewal fees, flies in the face of this principle and again demonstrates a clear failure on his part to take reasonable care to see that the renewal fee was paid.

### **Conclusion**

15. It is not easy to visualise and appreciate the effects of the financial and other pressures Mr Birrell was having to contend with when the renewal fee could have been paid and I have every sympathy with his predicament. However, judging from the actions he was engaged in at the time and the range of problems he was effectively dealing with, it does not appear to me that the stress he was experiencing was such as to prevent him from acting in a reasonable manner. Mr Birrell's preoccupation with his other business and personal activities, while demanding, does not absolve him from the need to take reasonable care to see that the renewal fee was paid. I simply cannot ignore his inaction in dealing with correspondence such as the renewal reminders he received from CPA and the Patent Office. As the person responsible in the proprietor company for seeing that the renewal fees are paid, I am not persuaded that he has exercised the degree of care to see that the eighth year renewal fee was paid which would have been reasonable under the circumstances.

16. Regretfully therefore I have come to the conclusion that I am not satisfied that the requirements for restoration, as set out in section 28(3), have been met and accordingly must refuse the application for restoration.

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

Dated this 18<sup>th</sup> day of January 2002

M C Wright  
Assistant Director, acting for the Comptroller

**THE PATENT OFFICE**