



BL O/022/04

27 January 2004

PATENTS ACT 1977

APPLICANT	Filtermedia Limited
ISSUE	Whether patent EP(UK)0673349 should be restored under section 28
HEARING OFFICER	M C Wright

DECISION

- 1 The renewal fee in respect of the seventh year of the patent fell due on 30 August 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 30 August 2000. The application for restoration of the patent was filed on 28 March 2002, 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 9 July 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.
- 2 The matter came before me at a hearing on 26 November 2003 when Mr G Fernando of counsel, instructed by Wynne-Jones & James, appeared for the applicant. Mr W J Newell, of Wynne-Jones Laine & James (W-J, L&J), and Mr P. R. Aylmore, the inventor of the product covered by the patent, were also present. Mr Mike Hewlett attended on behalf of the Patent Office.
- 3 The evidence filed in support of the application consists of six witness statements, four by Mr Aylmore dated 10 June 2002, 24 January 2003, 12 May 2003 and 24 November 2003, one by Mr Newell dated 12 May 2003 and one by Mr K W Brooks dated 15 January 2004 which I allowed to be filed after the hearing. Mr Aylmore also gave evidence under oath at the hearing itself.

Facts

- 4 The patent was granted by the European Patent Office (EPO) on 7 April 1999 to Landbrent Limited which was a non trading company set up to hold the patent. The company was

originally co-funded by Mr Aylmore and Mr Philip Taylor though Mr Brooks (Mr Taylor's son-in-law) later took over as co-funder from Mr Taylor. The funds were used to cover the cost of prosecuting the patent application before the EPO and for the maintenance of the resulting patent. W-J,L&J was engaged to handle payment of renewal fees which, prior to grant, would have been payable to the EPO and after grant to the UK Patent Office. Under the arrangements established for paying renewal fees, W-J,L&J would send reminders to Mr Brooks' firm of solicitors BrookStreet Des Roches and copy them to Mr Aylmore. Mr Brooks would then arrange for the renewal fee to be paid out of Landbrent's funds. Mr Aylmore was, therefore, familiar with the administrative arrangements between Mr Brooks and W-J,L&J for paying renewal fees.

- 5 In about August 1998 Landbrent, including the rights in the patent application, was acquired by Environmental Recycling Group Limited (ERG) and responsibility for handling renewal fees fell to Mr Ian Hamilton, the company secretary of ERG and Landbrent. Mr Aylmore ceased to be a director but was retained as a consultant. Mr Brooks also ceased to be a director or shareholder of Landbrent or to act as its solicitor. However, ERG initially retained W-J,L&J to handle the renewal fees though they continued to send reminders to Mr Brooks who, although he had no connections with ERG, forwarded the reminders to Mr Hamilton. In mid 1999 ERG stopped using W-J,L&J and paid the sixth year the renewal fees direct to the Patent Office which was the first renewal fee that fell due after grant and so the first one payable to the Patent Office. Mr Brooks says he was unaware of this at the time and did not notice the absence of correspondence from W-J,L&J, including reminders relating to the sixth year renewal fee.
- 6 When Mr Aylmore discovered that ERG was experiencing financial difficulties and that he might not receive money owing to him for his consultancy work, he entered into negotiations with Mr Hamilton and in July 2000 agreed to have the rights in the patent transferred to him in lieu of the money he was owed. In the event, ERG went into receivership and the patent was transferred to E C Limited, an off-the-shelf company. Mr Brooks was a director of E C Limited which had a bank account and so offered an ideal location to house the patent. E C Limited subsequently changed its name to Oxford Restaurants Limited and then to Filtermedia Limited of which Mr Aylmore is a director.
- 7 Mr Aylmore says that, during his negotiations with Mr Hamilton about acquiring the patent from ERG, Mr Hamilton did not tell him that ERG had stopped using the services of W-J,L&J but instead assured him that everything was as it had been before Landbrent was purchased by ERG, including the administrative arrangements for paying renewal fees. Consequently, Mr Aylmore assumed that W-J,L&P would send reminders to Mr Brooks and copy them to him as had been done in the past when the patent was held by Landbrent. However, because W-J,L&P was no longer handling renewal of the patent no reminders were issued.
- 8 At the hearing Mr Aylmore explained that after negotiating the acquisition of the patent from ERG he asked Mr Brooks to liaise with Mr Hamilton about transferring it to E C Limited. Mr Aylmore also indicates that in his discussions with Mr Brooks it was agreed that Mr Brooks would deal with renewal fees as he had done in the past. In his witness statement

Mr Brooks says he has no reason to doubt Mr Aylmore's recollection of events. However, he says he was involved in a car crash, which meant he was absent from his office for a period of time, and so his recollection during the period was not as precise as usual. Nevertheless Mr Brooks says he would have done all he was asked to do by Mr Aylmore though he does recall having difficulty contacting Mr Hamilton. He also says he assumed that the old regime would have been restored if it ever ceased and that W-J,L&J would have written to him if he had to do something. As he did not hear from them, he assumed that there was nothing he had to do.

- 9 The renewal notice, the Patent Office is required to issue in accordance with rule 39(4), was sent on 13 September 2000 to the registered address for service for the patent which was, and still is, Landbrent Limited, Linnells, 1 Des Roches Square, Witan Way, Witney, Oxford OX8 6BE. However, Landbrent had changed its address without telling the Patent Office and so did not receive the reminder. Consequently, as no reminders about the seventh year renewal fee were received by either Mr Aylmore or Mr Brooks no action was taken to pay the fee and the patent lapsed.

Patent Office's preliminary view

- 10 The reasons for the Patent Office's preliminary view that restoration should not be allowed was that it was not satisfied that the owner of the patent at the time the renewal fee could have been paid, namely Mr Aylmore, who held it in the name of E C Limited (subsequently renamed Oxford Restaurants Limited or Filtermedia Limited), took sufficient steps to ascertain the true position with regard to the renewal status of the patent or to inform the Patent Office or W-J,L&P of the change of ownership and hence the address to which renewal reminders should be sent. The Office was not satisfied that Mr Aylmore took any steps to secure payment of the seventh year renewal fee.

Applicant's arguments

- 11 The applicant's case for restoration can be summarised as follows.

- (a) Mr Aylmore took positive steps, when negotiating the transfer of the patent to E C Limited, to find out the status of the patent and what arrangements were in place for paying renewal fees.
- (b) It was reasonable for Mr Aylmore to rely on the information he was given by Mr Hamilton who was best placed to tell him about the administrative arrangements in place.
- (c) In light of the information he received from Mr Hamilton, it was reasonable for Mr Aylmore to assume that the administrative arrangements for paying renewal fees were the same as they were when he was a director of Landbrent and so he was entitled to rely on W-J,L&J to deal with renewals.

- 12 Mr Fernando said that the relationship between Mr Aylmore, as the purchaser of the patent, and Mr Hamilton, representing the seller, was not an arms length vendor-purchaser

situation to the extent that they did not know each other. To the contrary, they knew each other well through their detailed association in the past. Mr Fernando argued that this, together with the fact that Mr Aylmore knew Mr Hamilton to be meticulous and careful, meant that it was reasonable for him to rely on what he was told by Mr Hamilton without having to make independent inquiries.

- 13 In support of his argument, Mr Fernando referred me to the case: *Howard Marine and Dredging Co. Ltd v. A.Ogden & Son (Excavations) Ltd* which concerned the provision of incorrect information to the hirer (Ogden) about the carrying capacity of barges. In that case, Lord Justice Shaw said:

¶The question of the carrying capacity had been an insistent one; and when it was answered by the person who was in the best position to ascertain what was the correct answer it seems to me that Mr Redpath who sought the information on behalf of Ogden was entitled, as were his principles, to regard it as being accurate so that it could be acted upon without further enquiry.®

- 14 Hence, Mr Fernando argued that, when Mr Aylmore was told by Mr Hamilton that the administrative arrangements were as they had been, it was reasonable for him to assume that W-J,L&J was still handling renewal payments and send reminders to Mr Brooks.

Assessment

- 15 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®

- 16 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.®

- 17 I therefore have to be satisfied that the proprietor of the patent took reasonable care to see that the renewal fee was paid. The proprietor of the patent when the seventh year renewal fee could have been paid was E C Limited which later changed name to Oxford Restaurants Limited and then to Filtermedia Limited. It is clear that Mr Aylmore had overall responsibility for maintaining the patent and simply used these non-trading companies to hold the patent. The question is what steps did he take to see that the fee was paid?

- 18 The first step I would expect Mr Aylmore to have taken when he acquired the patent was to set up a system to ensure that each year's renewal fee was paid in time. Mr Fernando argued that, having been assured by Mr Hamilton that the arrangements for paying renewal

fees were as they had been, Mr Aylmore did not have to take any further action himself on the assumption that W-J,L&J would send reminders to Mr Brooks who would then arrange for the fee to be paid as he had done in the past. What precisely Mr Hamilton said to Mr Aylmore is unclear and it is unfortunate that he cannot be located to provide a statement. However, Mr Aylmore said he knew that Mr Brooks did not have any connection with ERG. Therefore, unless action was taken to bring Mr Brooks back into the system it is difficult to see how Mr Aylmore could accept Mr Hamilton's assurance that the renewal arrangements were as they had been before Landbrent was acquired by ERG.

- 19 This said, at the hearing Mr Aylmore revealed for the first time that on acquiring the patent, as well as asking Mr Brooks to liaise with Mr Hamilton about transferring it to E C limited, it was agreed that Mr Brooks would continue with the earlier arrangements whereby he would receive renewal fee reminders from W-J,L&J and arrange payment. As this was a key piece of evidence, I invited Mr Fernando to obtain a statement from Mr Brooks verifying what Mr Aylmore had said. In the witness statement that Mr Brooks has now provided he says his recollection of events is not as precise as usual. However, he says he has no reason to doubt Mr Aylmore's account of what transpired. He also confirms that he continued to receive reminders from W-J,L&J after the patent had been transferred to ERG but did not notice the absence of reminders from them in 1999 when the sixth year fee fell due.
- 20 In *Frazer's Patent* [1981] RPC 53 it was held that a lone proprietor who had entrusted the whole care of his patent to his solicitor, who he knew to be competent in patent matters, had exercised reasonable care and that in such circumstances the solicitor constituted a reasonable system. Given the fact that Mr Brooks was a solicitor, who Mr Aylmore knew from past experience was familiar with paying renewal matters, I am satisfied that it was reasonable for Mr Aylmore to entrust him with the renewal of the patent.
- 21 Why the seventh year renewal fee was not paid is unclear. The difficulty Mr Brooks was experiencing in contacting Mr Hamilton at the time and the car crash that kept him away from his office may have had a part to play. It is possible that Mr Brooks expected to continue to receive reminders from W-J,L&J, not realising that he had not received any the previous year, and so did not need to issue any new instructions to that firm.
- 22 I have no reason to doubt Mr Aylmore's recollection of events particularly in view of the comments made by Mr Brooks in his witness statement where he does not disagree with what Mr Aylmore says. The new evidence provided by Mr Aylmore at the hearing and Mr Brooks in his witness statement, was not, of course, available to the Patent Office when it reached its preliminary view. There is no evidence as to what was precisely agreed between Mr Aylmore and Mr Brooks about renewing the patent, as there are no written records. However, on the basis of the evidence before me, I am prepared to give Mr Aylmore the benefit of the doubt and accept that he effectively delegated responsibility for paying renewal fees to a solicitor who he knew to be familiar with handling such matter. In doing so Mr Aylmore set up a reasonable system to see that the seventh year renewal fee would be paid and there is nothing to suggest that he subsequently had a part to play in that fee not being paid.

Conclusion

- 23 I am persuaded that Mr Aylmore, who I would view as representing the proprietor of the patent, took reasonable care to see that the seventh year renewal fee was paid. It follows that I am satisfied that the requirements for restoration, as set out in section 28(3), have been met and that restoration should be allowed.
- 24 In accordance with rule 41(4) of the Patents Rules 1995, an order for restoration will be made if within two months from the date of this decision the proprietor files Patents Form 53/77, together with Patents form 12/77, duly completed, and the amount of the unpaid renewal fee. The order is also conditional upon the proprietor filing a request, in accordance with rule 46, to register the assignment of the patent to Filtermedia Limited. The effect of the order will be as specified in section 28A.

M C WRIGHT

Assistant Director acting for the Comptroller