

6 December 2007

PATENTS ACT 1977

PARTIES Satellite Antenna Company Limited

ISSUE Whether patent number EP0643876
should be restored under section 28

HEARING OFFICER G J Rose'Meyer

DECISION

Introduction

- 1 This decision concerns whether the patent in suit should be restored following a failure to pay a renewal fee.
- 2 The renewal fee in respect of the thirteenth year of the patent fell due on 15th November 2004. The renewal 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 15th May 2005. The application for restoration was filed on 11th May 2006, within the nineteen months prescribed under rule 41(1)(a) for applying for restoration.
- 3 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 UK Intellectual Property 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.
- 4 The matter came before me at a hearing on 10th October 2007, attended by Mr. Walter Semple, solicitor, and Mr. David Mitchell, both of the Satellite Antenna Company Limited. I was assisted at the hearing by Mrs. Susan Williams.

The evidence

- 5 The evidence filed in support of the application consists of:
 - a) Three affidavits from Mr. David Mitchell, a director of the Satellite Antenna Company Limited
 - b) A witness statement from Mr. Ian Ross Brown, Operations Director of

Fitzpatricks (Group) Ltd

- c) A witness statement from Paul Quinn, Accounts Supervisor at Fitzpatricks (Group) Ltd from July 1994 until June 2006
- d) Two witness statements from Gail Nicol, Renewals Administrator/Renewals Manager at Fitzpatricks (Group) Ltd from December 1997 until June 2006

Background

- 6 Although the current proprietor and applicant for restoration is the Satellite Antenna Company Limited, during the relevant period the patent belonged to "Littleextra" Multifeed Systems Limited. The relevant period in this case is the period set under rule 39(1) in which the patent can be renewed early from three months before the due date for renewal - in this case that was from 15th August 2004 - until the period allowed under section 25(4) in which the renewal fees can be paid up to six months later with fines - in this case that is 15th May 2005.
- 7 "Littleextra" Multifeed Systems Limited acquired rights in the patent by virtue of an assignment from Stik (International) Limited dated 8th August 2000. All three companies were set up to develop and exploit a new type of antenna designed to receive satellite communications, not that this is pertinent to these proceedings.
- 8 Mr. David Mitchell is currently a Director of the Satellite Antenna Company Limited - the applicants for restoration. Prior to this he was the Company Secretary of both "Littleextra" Multifeed Systems Limited and Stik (International) Limited. In each of these positions Mr. Mitchell has been responsible for everything in respect of the patents held by the respective companies including the payment of the renewal fees.
- 9 The evidence shows that Mr. Mitchell had a system in place with respect to patent renewals. Essentially he relied on the reminders sent to him by his patent attorney, Fitzpatricks. On receipt of a reminder letter, Mr. Mitchell says he would either call Fitzpatricks or would sometimes visit them in person to discuss what needed to be done. This was a perfectly reasonable and effective system and the evidence shows it had worked in previous years.
- 10 Fitzpatricks' renewal procedure consisted of sending a first reminder letter approximately four months before the due date, a second reminder approximately two months before and a third reminder approximately one month before. If instructions were not received from the client, Fitzpatricks notified them when the UK Intellectual Property Office advised that the renewal fee was overdue. If necessary a final reminder was sent approximately one month before the end of the six month grace period. For clients who had patent families, where the renewals fell within the same month, single reminder letters were sent with a schedule of all the renewals fees due attached to the letter.
- 11 Mr. Mitchell confirms in evidence that on receipt of the reminders, he would make efforts to obtain the necessary funds in order to renew the patents. He was aware of the fact that the renewal fees could be paid six months late for an additional charge and as such he would arrange for payment of all the various

renewal fees relating to the patent family to be paid together in May using the late payment deadline facility.

- 12 “Littleextra” Multifeed Systems Limited experienced severe financial difficulties during much of the period they owned the patent. Mr. Mitchell himself says that the business did not generate sufficient funds to provide for payment of the renewal fees. As a result, he was forced to rely very much on friends and family for the necessary funding. As there were difficulties in obtaining the necessary funds by 15th November deadline each year, it was Mr. Mitchell’s practice to always pay the renewal fees late.
- 13 The company’s financial difficulties continued into 2004. Funds were eventually found to pay the previous year’s renewal fees in the UK, Germany, France, Spain and Sweden. The fees were paid just before 15th May 2004 deadline. Due to a lack of funds, a conscious decision was taken at this point to allow some of the patents to lapse.
- 14 The renewal fee in respect of the thirteenth year of the patent fell due on 15th November 2004. In line with their usual practice, Fitzpatricks issued reminder letters on 22nd July 2004, 29th September 2004 and 15th October 2004 respectively. The evidence shows Mr. Mitchell received the standard reminders for the renewal payments due in November 2004.
- 15 On 21st October 2004, Mr. Mitchell contacted Fitzpatricks to advise them that he would not be renewing the patent until May 2005. As a result of this, Fitzpatricks did not send Mr. Mitchell the notification from the UK IPO that the renewal fee was overdue.
- 16 In March 2005 Mr. Mitchell’s personal circumstances changed. Mr. Mitchell himself gave a detailed personal account of these at the hearing. Towards the end of March 2005, his landlord informed him that he did not wish to renew his tenancy agreement. As a result, at short notice he had to find a new home and move in by the beginning of April 2005. Not only did this cause disruption to his private life, but in terms of his business affairs it meant that company records and papers covering the previous 14 years together with prototypes and trial samples had to be boxed, packaged and transported to a new address within one week.
- 17 The evidence of Gail Nicol, Renewals Administrator / Renewals manager at Fitzpatricks, indicates that on 7th April 2005, Mr. Mitchell called to ask that a copy of the invoice for the 2003 renewals relating to the patent family be faxed to Mr. Walter Semple, his solicitor. He also asked about the costs for the 2004 renewals. Ms Nicol confirms that she agreed to send a list of the costs.
- 18 On 12th April 2005, she issued a final reminder letter to “Littleextra” Multifeed Systems Limited concerning the late payment of the renewal fees. The letter included a schedule detailing the final dates by which the renewal fees needed to be paid for the five patents in the patent family. The letter asked Mr. Mitchell to “Please note the final dates by which the fees must be paid”. The deadline for the EP (UK) patent was given on the schedule as 15 May 2005 while the deadline for the remaining four patents in the patent family was given as 31 May 2005.

- 19 The reminder letter was sent to Mr. Mitchell's old address as Fitzpatricks had not been made aware that Mr. Mitchell had moved. Mr. Mitchell however had arranged for a neighbour to collect his mail for him from the former address though it was several weeks before Mr. Mitchell was able to visit the neighbour to collect his mail.
- 20 In her evidence Ms Nicol states that Fitzpatricks' renewal procedures did not provide for any additional reminders to be sent after the final reminder dated 12th April 2005. With no further contact with Mr. Mitchell between 12 April 2005 and the deadline of 15 May 2005, the patent subsequently lapsed.

The relevant law

- 21 Because the patent ceased to have effect before 1st January 2005, the relevant law is contained in section 28(3) of the Patents Act 1977 as it stood at that date. It reads:

If the comptroller is satisfied that –

(a) the proprietor of the patent took reasonable care to see that any renewal fee was paid within the prescribed period or that the 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.

- 22 In accordance with this provision, I have to decide whether or not Mr. Mitchell took "reasonable care" to see that the renewal fee in question was paid. In deciding this, it is helpful to bear in mind that words of Aldous J in *Continental Manufacturing and Sales Inc.'s Patent* [1994] RPC 535:

"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."

The applicant's case in summary

- 23 At the hearing, Mr. Semple argued that Mr. Mitchell did take reasonable care to ensure that the renewal fee for the EP (UK) patent was paid within the prescribed deadline. As in previous years it had been Mr. Mitchell's intention to renew all the patents in the family together but he misread the reminder letters and schedules sent to him by Fitzpatricks. He took it that the final deadline for renewing all the patents, including the EP (UK) patent, was 31 May 2005. He did not appreciate the significance of the 15th May 2005 date and as such, he made a mistake. Given the personal and financial pressures he faced at the time, Mr. Semple argued that this mistake was understandable.
- 24 Mr. Semple also pointed out that the evidence shows that payments were made prior to 15 May in respect of the three previous year's renewals. As such, the question of when the fees needed to be paid in respect of the EP (UK) patent had not arisen before and therefore it would appear that Mr. Mitchell would not

have been aware of the point.

- 25 Mr. Semple argued that Mr. Mitchell thought he was being careful in renewing the patent in time. He had a history of renewing the patent in time and as a result had not found himself in this situation before. He made a mistake which was understandable due to the form of the reminder sent by Fitzparticks and the significant pressure in his personal life due to his enforced eviction from his house.

The Office's case

- 26 The Office's case for refusing the application for restoration is that reasonable care has not been shown. As was the case in previous years, Mr. Mitchell decided to defer payment of the renewal fee in respect of the thirteenth year of the patent until the end of the renewal period. He then either misread or misunderstood Fitzpatrick's letter dated 12 April 2005 with the result that he failed to realise that the final deadline given for the renewal of the EP (UK) patent differed from that of the other countries listed in the accompanying schedule.

Assessment

- 27 At the hearing it was made clear to me that Mr. Mitchell regarded the EP (UK) patent as the most important in the patent family. He currently has some interest from a senior professor at Aberdeen University who is satisfied he can make a very significant improvement to the patent and that is a major motivation to ensure the patent is restored. I was told that the EP (UK) patent is of crucial importance to Mr. Mitchell's business strategy.
- 28 I explained at the hearing that I fully understood the importance of the patent to Mr. Mitchell, but that I can only decide the issue of restoration and whether reasonable care was shown based on the facts of the case. I cannot take into account the relative importance of the patent to the business of Mr. Mitchell.
- 29 So I turn my attention to the facts. It is not disputed that for all previous years in which the patent in suit was renewed, Mr. Mitchell had in place a perfectly acceptable and functioning patent renewal system. He employed a reputable firm of professional patent agents in the form of Fitzpatrick's and the reminder systems they operated served him well. The account above gives the details and understandings the two parties had between them in operating their arrangement.
- 30 One key element of this was that Mr. Mitchell's usual procedure was to pay renewal fees late. That is the position he adopted because of the financial position he was usually in and it is a perfectly acceptable and reasonable stance. Indeed it is one of the reasons the "grace period" provisions of section 25(4) are in place.
- 31 The evidence clearly shows that generally Mr. Mitchell paid renewals in previous years in respect of the whole patent family together and paid any renewals prior to the 15 May final payment date of the EP (UK) patent, even though it seems the significance of that date for the EP (UK) patent was not evident to Mr. Mitchell.

- 32 The EP (UK) date of 15 May was earlier than those of the other four remaining states for which this patent family was to be renewed in the relevant year i.e. 31 May 2005. Because he had usually paid the renewal fees in previous years prior to the 15 May date for all states, the issue of the differing dates had never arisen before and therefore was not embedded in Mr. Mitchell's psyche. Mr. Semple admitted at the hearing that this was a mistake, but argued that it was understandable in the circumstances and particularly in the difficult personal circumstances Mr. Mitchell found himself in at the end of March/beginning April 2005 (summarised above at paragraph 16).
- 33 Understandable or not (and I do have much sympathy with the predicament he found himself in), did Mr. Mitchell take reasonable care in seeing that the renewal fee was paid on this patent in time? In my considered judgment, I regret to say that I do not believe he did.
- 34 In making a conscious decision in this and previous years of late payment of the renewal fee, Mr. Mitchell was already adopting a risky strategy. Acceptable though it was and effective up to date, it was nevertheless risky.
- 35 Relying on professional agents was also perfectly reasonable. In relying on them however, it seems Mr. Mitchell never fully came to understand the differences in dates of this patent family across the various states he was renewing. Perhaps that too is reasonable and understandable, but Mr. Mitchell submits and the evidence shows that over a number of years he was the only person in the firm responsible for ensuring renewal fees were paid. I am not suggesting that Mr. Mitchell should have been aware in detail of all the renewal dates of the patent family (although this clearly to my mind would have been the desirable position), because that is why he employed Fitzpatricks, but I do think it incumbent upon him, having put his reliance on them, to act on their reminders once he had decided he ultimately wished to renew the patent.
- 36 In the year in question, the evidence is clear that Fitzpatricks sent their customary "final" reminder letter and schedule on 12 April 2005. There is no evidence to suggest that the format of the reminder and schedule Fitzpatricks had sent out had changed in any way over the years. The letter asked Mr. Mitchell to "Please note the final dates by which the fees must be paid" and the deadline for the EP (UK) patent was given on the schedule as 15 May 2005 while the deadline for the remaining four patents in the patent family was given as 31 May 2005. This to my mind could not have been any clearer and I reject Mr. Mitchell's contention that the presentation style was in any way to blame for his mistake over the respective renewal dates of the patent family.
- 37 At the hearing, Mr. Mitchell stated that he didn't receive the 12 April 2005 final reminder letter because he had been forced to leave his old address at short notice, though he had become aware of the content. A copy had been sent to him by Fitzpatricks on 10 June 2005. However, this is at odds with what Mr. Mitchell had said in his affidavit dated 15 March 2006 at paragraph 17 in which he states "I had clearly misread the reminder and taken it that all the deadlines were the same i.e. 31 May 2005".
- 38 Whichever of those two versions is correct, to my mind it does not help the case.

- 39 In being evicted from his previous address at short notice, Mr. Mitchell arranged for a neighbour to collect his mail for him from the former address, though it was several weeks before Mr. Mitchell was able to visit the neighbour to collect his mail.
- 40 Again, I have some sympathy with the position Mr. Mitchell found himself in. He did take some steps to have his mail “redirected” although not in any formal way. Nor did he specifically notify Fitzpatricks of his new address, although in the circumstances this is perhaps understandable. However, at this crucial time in the life of his patent renewals, to not visit his neighbour to collect mail for several weeks is not to my mind taking reasonable care to renew the patent.
- 41 Although it is unclear, it could have been for this reason that the crucial 15 May 2005 date did not register with Mr. Mitchell i.e. because he had not at a time when he could have done something about it, set eyes upon the 12 April 2005 final reminder and schedule from Fitzpatricks. I have already said that in my view this reminder could not have been clearer, so if he had seen it, to my mind the fatal mistake may/should not have occurred.
- 42 However, if Mr. Mitchell had indeed seen that letter on time (i.e. prior to 15 May 2005), then it is clear from my comments above that he should have read and understood its unambiguous contents and acted upon that contents if he was indeed taking reasonable care to renew the patent in suit.

Conclusion

- 43 In short, Mr. Mitchell had taken a conscious decision to delay payment of the patent until the end of the 6 month period of grace. He entrusted the care of the patent to his agents. Mr. Mitchell in effect was fully reliant on the reminders of his appointed agents, who to my mind dispelled their responsibility fully. Where the system broke down was that Mr. Mitchell failed to react to the reminders, albeit in difficult circumstances, either by misreading the crucial final reminder or by not receiving it because of not making suitable arrangements to do so.
- 44 As I have stated several times, I have much sympathy with Mr. Mitchell. I appreciate that he had much going on in his life and his business around the crucial time his EP (UK) patent could be renewed. And I appreciate the patent is of great importance to his company.
- 45 However, I am not satisfied that based on the facts of this case Mr. Mitchell exercised reasonable care to see that the renewal fee for the EP (UK) patent was paid in time or during six month grace period.
- 46 I therefore refuse application for restoration.

Appeal

- 47 Under the practice Direction to Part 52 of the Civil procedure Rules, any appeal must be lodged within 28 days

G J Rose'Meyer

Hearing Officer
Acting for the Comptroller