



22 May 2009

PATENTS ACT 1977

APPLICANT James Philip Porter

ISSUE Whether patent number GB 2395836
should be restored under section 28

HEARING OFFICER S M Williams

DECISION

Introduction

- 1 This decision concerns whether patent number GB 2395836 should be restored following a failure to pay a renewal fee.
- 2 Patent application number GB 0227411.6 was filed on 23 November 2002. The application was published as GB 2395836 and subsequently proceeded to grant. The renewal fee in respect of the fifth year of the patent fell due on 30 November 2006, the last day of the month in which the filing date fell. The renewal fee was not paid by that date or during the six months allowed under section 25(4) with payment of the additional prescribed fees. The patent therefore ceased with effect from 23 November 2006.
- 3 The application for restoration of the patent was filed on 30 June 2008, within the 13 months prescribed under rule 40(1) for applying for restoration. After consideration of the evidence filed in support of the application, the applicant was informed that it was the preliminary view of the 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. The matter came before me at a hearing on 6 March 2009.

The evidence

- 4 The evidence filed in support of the application consists of:
 - A witness statement dated 25 March 2008 and enclosures filed by Mr James Philip Porter

- Letters dated 27 September 2008 and 19 November 2008 from Mr Porter
- A financial statement dated 8 February 2008 and a copy of a credit agreement dated 20 December 2004

Mr Porter gave further evidence orally at the hearing. I also agreed at the hearing that he could file additional evidence relating to his financial position during the relevant renewal period. This was received on 1 April 2009 and consists of a witness statement and various bank statements relating to the period 12 August 2006 to 13 June 2007. An additional statement dated 13 March 2008 and two credit card statements dated 11 September 2006 and 11 April 2007 were also submitted.

Background

- 5 In November 2002, the same month as he filed the patent application, Mr Porter set up his own guitar repair and manufacturing company. At the hearing he explained how he ensured that any expenses incurred by the company were paid on time. His system involved the use of a cork board. Any bills received were placed on the cork board. On receipt of a reminder to pay an outstanding bill, he removed the bill from the board, wrote the necessary cheque and put the cheque in the post. He also explained that it was generally his practice to delay payment for as long as possible.
- 6 During his first three months in business, Mr Porter focused his attention on hand building a prototype of his guitar. Unfortunately the prototype failed to sell. Disheartened, he turned his attention to keeping the business going by carrying out small repair work. For Mr Porter however, the main purpose in starting the company was to manufacture guitars in accordance with his invention and to his design. Needing machinery, he sought additional financing and was subsequently offered a business loan on 20 December 2004 of £15,000. At the hearing, he had difficulty remembering when he had first started to draw on the loan. He thought initially that this may have been in mid 2005 but went on to explain that he had planned to use his savings first and to draw on the loan at the end of the year. He believed that this is what had happened. As such then in 2006, as indicted in his written evidence, he used some of the loan to purchase a pick-up winder and paint-spraying booth. He also commissioned a company to produce a Computer Numerical Control (CNC) design for a second prototype of his guitar.
- 7 Unfortunately the result of the commission was not what he had expected. Although disappointed with the outcome, he had financial commitments to meet in particular the rent on his business premises and the loan repayments. He began to manufacture other guitars to his designs and supplemented this income by undertaking various spray-painting jobs using the equipment he had previously purchased. Towards the end of 2006 going into 2007 when some of the small repair work was drying up, he took on some large scale repair work.
- 8 Following receipt of the official PREN5 renewal letter dated 14 December 2006 advising him that the renewal fee for the patent was due, Mr Porter explained at

the hearing that he believed he had followed his usual procedure for paying bills. This procedure involved filing the first bill on his cork board. Only when he received a later (red) reminder, did he remove the original request and pay the bill. In this instance, it appeared that Mr Porter thought he had placed some paper work relating to the patent on his cork board. On receipt of the PREN5 reminder in December 2006, when Mr Porter realised no paperwork relating to the patent appeared on the board, he believed he had acted on it and had paid the renewal fee via a cheque. Although at this time he had a lot of expenses to meet and was concerned about his financial position, he had the funds available to pay the fee. However Mr Porter was unable to recall what had happened to the cheque. He thought that he had probably put it in an envelope intending to send it but being distracted by financial pressures, the envelope then went missing. He then forgot about it as he thought he had already paid the fee.

- 9 The financial statements provided by Mr Porter show that the costs of running the business were slowly becoming greater than the income generated. With various commitments to meet and debts mounting up, by 2007 Mr Porter was struggling to keep the business afloat. Although he worked long hours, increased competition in the market place and cash flow problems did not help matters. As a result of very trying and difficult circumstances, in September 2007 he finally left his workshop and the business ceased.
- 10 Once matters had settled, his thoughts returned to manufacturing his guitar in accordance with his invention. In June 2008 he contacted the Office to check the situation with the patent and to inform the Office of his change of address. He was advised that as the patent had ceased, if he wished to restore it, he needed to file an application for restoration. This he did on 30 June 2008.

The arguments

The applicant's arguments

- 11 Mr Porter argues that his failure to pay the renewal fee on time was unintentional. At the hearing, when giving oral evidence under oath, he argued that at the time the renewal fee became due, he had the funds available to pay and it had always been his intention to pay, but unfortunately, his filing system had let him down.
- 12 He also argued that having employed a patent attorney to initially assist him with drafting the application, it had always been his intention to keep the patent in force once it had proceeded to grant. Even if he had been in financial difficulties when the renewal fee became due, given that the fee was initially a relatively small amount, he argued that he would have paid it.
- 13 Mr Porter referred to the increasing financial pressures he was under. He argued that faced with the constant stress and worry of how he was going to meet his financial commitments, the pressures just eventually became too much for him. He became increasingly stressed and increasingly distracted, so much so that he forgot about the patent.

The Office's view

- 14 The Office's preliminary view was that the evidence filed by Mr Porter prior to the hearing failed to show that his failure to pay the renewal fee was unintentional. In letters dated 22 August 2008 and 23 October 2008, the Office took the view that the evidence filed indicates that Mr Porter did not pay the renewal fees because he did not have the funds available to do so. Although he took several loans to initially launch the business and to purchase equipment, no steps were taken to obtain funds to pay the renewal fee. Hence, with funding not available to him, his failure to pay could not be taken to be unintentional.

The Law – Section 28

- 15 Section 28(3) of the Patents Act 1977 states:

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 of six months immediately following the end of that period,

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

The analysis and findings

- 16 In accordance with this provision then, what I have to decide is whether Mr Porter's failure to pay the renewal fee was unintentional. If I am satisfied that it was, I should then proceed to order that the patent be restored on payment of any unpaid fees.
- 17 In making the determination, it is tempting to just look at the word 'unintentional' and decide whether the evidence demonstrates that the circumstances surrounding the facts of the case were unintentional or beyond the applicant's control. However this is not the test. What I need to do is consider the reasons that led to the failure of the applicant to renew the patent and then decide whether the failure was unintentional.

Filing system

- 18 At the hearing Mr Porter argued that it was always his intention to pay the renewal fee but his filing system let him down. When he received the official letter dated 14 December 2006 advising him that the renewal fee was due, he checked his cork board for any documentation relating to the patent. With no paper work on the board relating to any outstanding fee that needed to be paid, he reasoned that he must have followed his usual procedure; in other words, he had in fact already removed the paper work from the board and paid the fee.
- 19 When asked at the hearing to clarify what had happened to the paper work once it had been removed from the board, Mr Porter had difficulty recalling events. He

thought that he had probably written the cheque and put this in an envelope but then became distracted, misplacing the envelope along with the paper work; however he couldn't say for certain that this is what had happened. He admitted that he had not run his business in the most organized manner and explained that he hadn't referred to his cork board filing system in his written evidence submitted prior to the hearing as, in his view, the system was 'low tech' and had probably not been the best way to ensure bills were paid on time.

- 20 Be that as it may, the evidence indicates that Mr Porter had devised and operated a system to ensure his bills were paid. When the time came however to renew the patent, the system let him down as it led him to make an incorrect assumption that he had already paid the renewal fee.

Funding

- 21 The evidence relating to Mr Porter's financial position is somewhat contradictory. The written evidence provided by Mr Porter prior to the hearing suggests that his failure to pay the renewal fee was as a direct result of him not having the funds available to do so. Although he may well have intended to keep the patent in force, if he did not have the funds available, I find it difficult to see how his failure to pay can be said to have been unintentional. In my view, he simply would not have been in the position to pay regardless of any intention on his part to do so.
- 22 However at the hearing Mr Porter explained that although he struggled to keep the business afloat and had numerous financial obligations to meet, he actually had the funds available to pay the renewal fee. The financial statements submitted after the hearing support this. They also show that business costs were slowly becoming greater than the income generated adding to the pressures Mr Porter faced.
- 23 As such, I am of the view that the evidence shows that Mr Porter had the funds available to pay the renewal fee. I also accept that as circumstances became more demanding and pressurized, he became increasingly stressed about the business so much so that he became confused about the renewal status of the patent. This does not seem to me to be unreasonable given the terrible business and financial pressures he was under during this period. It also seems entirely plausible to me in the circumstances that on not finding any paper work relating to his patent on his cork board, he was under the impression he had already paid the renewal fee.

Decision

- 24 The written and oral evidence in this case has in places been inconsistent and contradictory. However, Mr Porter struck me at the hearing as an honest witness who was doing his best to recall events as they were at the relevant times.
- 25 So the question remains, was Mr Porter's failure to pay the renewal fee unintentional? I have to say that on the balance of probabilities it seems to me that Mr Porter's failure to pay the renewal fee did not result from insufficient funding but was rather a result of the limitations of his filing system.

Conclusion

- 26 On the evidence put before me, I am satisfied that Mr Porter's failure to pay the renewal fee was unintentional. I am therefore satisfied that the requirements of section 28(3) have been met and that restoration should be allowed.
- 27 An order for restoration will be made if, within two months from the date of this decision, the proprietor files Patents Form 12 and the amount of any unpaid renewal fees. The effect of the order will be as specified in section 28A.

S M WILLIAMS

Head of Litigation Section acting for the Comptroller