PATENTS ACT 1977

IN THE MATTER OF an application
under section 28 for restoration of
Patent Number GB2262350 in the name of
Multiload Technology Limited

DECISION

Background

1. The renewal fee for Patent Number GB2262350 in respect of the eighth year became due on 22 November 1998. The fee was not paid by that date or on expiry of the period of grace allowed by section 25(4) of the Patents Act 1977. In accordance with sections 25(4) and 120(2) of the Act, the last day for renewing the patent was Monday 24 May 1999 because 22 May 1999 fell on a Saturday, which is an excluded day, as prescribed by rule 99(2) of the Patents Rules 1995, for the purpose of paying renewal fees. In view of the non-payment of the renewal fee, the patent ceased on 22 November 1998.

2. An application for restoration was made on 2 August 1999, which was within the period prescribed under rule 41(1)(a) of the Rules. After considering evidence filed in support of this application, the Patent Office took the preliminary view that a case for restoring the patent had not been made. The Office's view, as well as the reasons for it, were communicated to Boult Wade Tennant, the agent acting for Multiload Technology Limited, in an official letter issued on 25 November 1999. Multiload Technology did not accept this view and the matter came before me at a hearing held on 1 February 2000. Multiload Technology was represented at the hearing by Mr A W Pluckrose and Dr S Khan, both of Boult Wade Tennant, and the Office was represented by Mr I Sim.

3. The evidence filed in support of the application for restoration consists of three statutory declarations from Mr Brian Cuthbertson, the Managing Director of Multiload

Technology, and two statutory declarations from Mr Anthony William Pluckrose, a partner of the firm Boult Wade Tennant. Mr Cuthbertson and Mr Pluckrose each filed one of their statutory declarations after the hearing with my leave.

The facts

4. Multiload Technology owns a family of patents, all relating to the same invention. One of these patents is Patent No. GB2262350, the others are German Patent No. P69224667, French Patent No. 0641445, Italian Patent No. 0641445 and Spanish Patent No. 0641445. Up until 1998 Boult Wade Tennant had successfully renewed these patents on behalf of Multiload Technology. When the renewal fees for the patents became due in November 1998, Mr Cuthbertson judged that it would make better commercial sense for his company to use its available funds elsewhere and to defer payment of the renewal fees for as long as possible. To this end he asked a colleague, Mr Paul Vincent, to find out what was the last possible date for renewing the patents. Mr Vincent then contacted Boult Wade Tennant and received from them a facsimile giving the information requested.

5. A copy of this facsimile is exhibit AWP3 to the statutory declaration of Mr Pluckrose dated 27 July 1999. Under a column headed “Remarks”, the facsimile indicates that the German patent could be renewed until “31/7/99", the French, Italian and Spanish patents until “31/5/99" and the GB patent until “22/5/99". Under an adjacent column headed “Amount”, the facsimile also indicates the amount of the renewal fees and the amount of additional fees for late payment. In respect of the GB patent, these additional fees are broken down to show the additional fees payable until “22/1/99", “22/2/99", “22/3/99", “22/4/99" and “22/5/99".

6. When Mr Cuthbertson received the facsimile from Boult Wade Tennant, he noted in his diary that the renewal fees for the GB patent and all of its European equivalents were due at the end of May 1999. In his statutory declaration dated 8 July 1999, Mr Cuthbertson admits that he was in error when noting his diary because he should have seen that the last day for paying the renewal fee for the GB patent was 22 May 1999 and not 31 May 1999. Unfortunately, this error was not spotted later when Multiload Technology received a letter

dated 15 December 1999 from Boult Wade Tennant, which covered the standard reminder from the Patent Office that the renewal fee was overdue. This letter (exhibited as AWP4) clearly indicates that the renewal fee could be paid on extension with an additional fine up to 22 May 1999. However, Mr Cuthbertson was away from his office when the letter was received and he was only informed of its contents over the telephone. Mr Cuthbertson was told that payment was due at the end of May and he took this literally in view of his previous misunderstanding.

7. Subsequently, sometime during the week commencing 24 May 1999, Mr Cuthbertson telephoned Boult Wade Tennant with instructions to pay the renewal fees for all the patents. It was then that he discovered that he was too late to effect automatic renewal of the GB patent and that he would need to apply for restoration. However, he was in time to renew the equivalent German, French, Italian and Spanish patents.

Assessment

8. What I have to decide is whether Multiload Technology has met the requirements for restoration as set out in section 28(3) of the Act 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."*

9. The basis for deciding whether restoration should be allowed in this case depends to a significant extent on when in the week commencing 24 May 1999 Mr Cuthbertson instructed his agent, Boult Wade Tennant, to pay the renewal fee on the GB patent. If such an instruction had been given on 24 May 1999, when the patent still could have been renewed, I would need to take account of the fact that the agent had overlooked this possibility. On the other hand, if the instruction had been given later in the week, the focus falls primarily on

Mr Cuthbertson's admitted error in entering the reminder in his diary. I therefore sought clarification of this matter from Mr Pluckrose at the hearing. Mr Pluckrose showed me a facsimile from Mr Cuthbertson dated 27 May 1999 and containing instructions to renew all of the patents including the GB patent. This facsimile also refers to a conversation the same day between Mr Cuthbertson and Mrs Simpson, who is the Records Manager at Boult Wade Tennant. In the light of this document, which was formally submitted in evidence after the hearing, I am satisfied that Mr Cuthbertson gave instructions to renew the GB patent after the actual last day permitted for paying the renewal fee.

10. From the evidence submitted I have also come to the view that Mr Cuthbertson was the person at Multiload Technology who had responsibility for his company's patent portfolio and in particular for ensuring that the patents were renewed. It was Mr Cuthbertson who instructed a colleague to find out the last possible date for renewing the patents, it was Mr Cuthbertson who noted his in diary when the renewal fees were due and it was Mr Cuthbertson who eventually instructed Boult Wade Tennant to pay the renewal fees. At the hearing Mr Pluckrose confirmed that this was indeed the case.

11. Before I consider whether Multiload Technology had taken reasonable care to see that the renewal fee was paid in accordance with section 28(3), I need to address two general matters raised by Mr Pluckrose. By way of background Mr Pluckrose told me that Mr Cuthbertson, as Managing Director of Multiload Technology, is not only responsible for renewing patents but also has to deal with the audit and generally keep the company alive and well. This does not surprise me since in his statutory declaration dated 8 July 1999 Mr Cuthbertson states that the family of patents mentioned above are the only patents owned by his company. In his last statutory declaration, dated 29 February 2000, Mr Cuthbertson also states that his company has a total of just five employees. Against this background, Mr Pluckrose asked me to consider whether it was right and proper for a greater standard of care to be applied to a managing director of a company, vis-a-vis any other employee of the company, or indeed whether the company could be divorced from its employees, including a director employee.

12. Taking the second part of the question first, I note that in *Textron Inc's Patent [1989] RPC 441* Lord Oliver of Aylmerton addressed the issue of the corporate proprietor (see page 452 line 33 to page 453 line 47). Lord Oliver's solution was to read "the proprietor" in section 28(3) as meaning, in the case of a corporate proprietor, "the proprietor, by its directing mind". Since the judgment in *Textron* the concept of "the directing mind" has been applied on numerous occasions in similar circumstances. I can see no justification for departing from this well established approach here. Moreover, insofar as identification of the directing mind is a matter of fact, I am satisfied that in the present case Mr Cuthbertson was the directing mind.

13. Turning now to the other part of Mr Pluckrose's question, namely whether a greater standard of care should be applied to a managing director of a company, *vis-a-vis* any other employee of the company. Mr Pluckrose readdressed this issue after the hearing in a letter covering his supplementary statutory declaration dated 1 February 2000. In his letter Mr Pluckrose refined the question as follows -

> *" ..... is it right that standards should be imposed on a managing director of a company, responsible for a multitude of operations of the company, higher than those imposed on a legal assistant (in the case of Textron), the majority of whose tasks relate to the renewal of patents and who received specific training in the renewal of patents?"*

In *Textron* restoration was allowed in circumstances where a legal assistant had failed to follow instructions given by the vice-president-law and chief legal counsel to the subsidiary company of Textron, which dealt with industrial property matters. On the facts of that case, the legal assistant was not at a level which could properly be designated as that of the directing mind. Thus, in view of the different levels of responsibility, any comparison of the degree of care expected of Textron's legal assistant and the degree of care expected of Mr Cuthbertson, as directing mind in the present case, would be of doubtful validity. In any event, it seems to me fundamental that the standard of reasonable care which is required for restoration, should be applied in a consistent and uniform manner. This is in keeping with

other requirements specified in the Patents Act 1977. For example, the level of the inventive step required of a patentable invention does not vary depending on whether the inventor has access to comprehensive or very limited research facilities. Therefore, in my view the standard of reasonable care expected of Mr Cuthbertson should be the same as that expected of any other person who on the facts of the case fills the shoes of the directing mind.

14. Having addressed the general matters raised by Mr Pluckrose, I must now decide whether Mr Cuthbertson, as "directing mind", took reasonable care to ensure that the renewal fee for Patent No. GB2262350 was paid. It is generally held that if a patent proprietor, particularly a small company such as Multiload Technology, entrusts the renewal of its patents to a patent agent, the proprietor has gone a long way towards establishing a reasonable renewal system. In the present case, I note that Boult Wade Tennant were instrumental in the successful renewal of Multiload Technology's patents each year up until 1998. Additionally, at least for the eighth year renewal of Patent No. GB2262350, Mr Cuthbertson augmented this system by putting a renewal reminder in his diary. The evidence does not make clear one way or the other whether in the past Mr Cuthbertson had used his diary to remind him when renewals were due. Moreover, this matter was not addressed by Mr Pluckrose at the hearing. In any event, it is absolutely clear from the evidence supplied that for the eighth year renewal, Mr Cuthbertson did rely on a diary reminder and it was an error in entering this reminder that ultimately led to the patent ceasing.

15. At the hearing Mr Pluckrose argued that Multiload Technology should not be denied the possibility of restoration because Mr Cuthbertson took the decision not to pay the renewal fee on the GB patent when it became due but instead decided to defer payment for as long as permitted. It is clear from the evidence that Mr Cuthbertson always intended to renew the patent and it is reasonable and acceptable that he should decide to take advantage of the permitted period of grace for paying the renewal fee. I cannot therefore fault Mr Cuthbertson on this point.

16. Mr Pluckrose went on to refer me to the words of Whitford J. in *Ling's Patent and*

Wilson's and Pearce's Patent [1981] RPC 85 at page 95 lines 16 to 22:

> *" ....., which carries with it a consideration of what a man in the position of the appellants ought to do if he was going to take reasonable care to see that any renewal fee was paid before the due date. First of all, he has got to take some step to ensure that in some way or another he is reminded that the due date is about to arrive. He has got to take care to ensure that he is thus reminded in sufficient time before the due date to enable him to find out how much he has to pay and to get the money off to the Office."*

This statement was made in the context of payment of the renewal fee before the due date but I note that later in his judgment Whitford J. recognises that the same considerations should apply to the payment of renewal fees during the grace period.

17. Mr Pluckrose also referred me to *Frazer's Patent [1981] RPC 53* where a patent had ceased because of an oversight by a solicitor who was employed by the patent proprietor to look after his patent affairs. In that case, the Deputy Judge allowed restoration by considering whether the system was a reasonable one and not by questioning whether the system broke down.

18. Mr Pluckrose argued, on the basis of these two earlier cases, that restoration should be allowed because Mr Cuthbertson had taken reasonable care and had established a reasonable system. He had asked a colleague to find out the last possible date for paying the renewal fee and as a consequence had received information from his agent, Boult Wade Tennant, of the date and the amount of the renewal fee with fine. Mr Pluckrose indicated that it was simple human error that caused things to go wrong.

19. I do not disagree with the view that Mr Cuthbertson had taken care to established a reasonable system, including a diary reminder, for the payment of the renewal fee. However, having established this system, does it absolve him from the need to operate the system with reasonable care? In my view the words *"to see that any renewal fee was paid"* in

section 28(3) imposes a requirement that the proprietor of the patent should take reasonable care not only in establishing a system for the payment of the renewal fee but also in his operation of that system, if restoration is to be allowed in the event of non-payment. I am helped in coming to this view by a statement made by Lord Oliver of Aylmerton in *Textron* at page 452 lines 1 to 2 that if the system established by the proprietor of a patent fails for some reason which is within his control, then he can hardly be said to have taken reasonable care.

20. I have examined the copy of the facsimile, produced in evidence as exhibit AWP3, sent by Boult Wade Tennant to Multiload Technology and showing the last possible dates for renewing the GB patent and its European equivalents. It was after receiving this facsimile that Mr Cuthbertson made the error in entering the "end of May" reminder in his diary. The German patent is the first patent listed and the last renewal date for this patent is given as 31 July 1999. Clearly, Mr Cuthbertson must have read beyond this item otherwise he might have entered a reminder in his diary that all the patents had to be renewed by the end of July. The next patents on the list are the French, Italian and Spanish patents and the last renewal date shown for each of these is 31 May 1999. We now have two different latest dates, namely 31 July 1999 and 31 May 1999. In my view this should have put Mr Cuthbertson on his guard to the fact that the family of patents did not share a common final renewal date despite their equivalence. The last patent listed on the facsimile is the GB patent and the renewal information for this patent is presented in a block showing the additional fees payable every month from 22 January 1999, during the period of grace, up to the final date on 22 May 1999. Thus, we now have three different latest renewal date with the 22nd of the month featuring prominently in respect of the GB patent. In view of this, I can only agree with Mr Cuthbertson that it was his own error and not the fault of his agent that he misinterpreted the information provided on the facsimile. Moreover, in my view this error amounts to a lack of reasonable care in his operation of the system which he had established and hence a lack of reasonable care to see that the renewal fee was paid.

21. Of course after this error had been made, Multiload Technology received from Boult Wade Tennant the standard reminder from the Patent Office that the renewal fee was overdue. Unfortunately, this reminder did not lead to the mistake being spotted and

corrected. I do not believe that I need consider whether the way that this reminder was handled by Multiload Technology amounts to reasonable care or the lack of it because Mr Cuthbertson took the reminder as simply confirming what he had already noted in his diary. If Mr Cuthbertson had not been so certain in his own mind that the GB patent could be renewed up until the end of May 1999, it is possible that the reminder might have been handled differently.

Conclusion

22. In conclusion I refuse to order restoration of Patent No. GB2262350. Any appeal against this decision must be lodged within six weeks of the date of the decision.

Dated this sixth day of March 2000

R J Walker
Assistant Director, acting for the comptroller

THE PATENT OFFICE