

360 0191/91

PATENTS ACT 1977

IN THE MATTER OF an application by
Revmarine Equipments Ltd for the
restoration of Patent No EP 0160064

DECISION

Patent No EP 0160064 is dated 24 October 1984 and was granted to Thomas Henderson, the inventor named on the patent, on 24 February 1988. The first renewal fee, in respect of the fifth year of the patent, thus fell due on 24 October 1988 but the patent lapsed because the prescribed renewal fee was not paid by that date or within the following six months grace period allowed under section 25(4) upon payment of the prescribed additional fee. The application for restoration was filed on 2 October 1989 within the period prescribed by section 28(1).

The office was not satisfied that the requirements for restoration laid down by section 28(3) had been met, and the matter came before me at a hearing held on 27 June 1991 at which the applicants for restoration were represented by counsel Mr A Drysdale-Wilson. Mr M C Wright attended on behalf of the office.

Although the patent application was prosecuted to grant in the name of Mr Henderson and the firm of patent agents involved, Pollak Mercer and Tench, had been given a standing instruction by Mr Henderson to renew the patent, the proprietors were in fact Revmarine Equipments Ltd (Revmarine), a company with which Mr Henderson was apparently connected. Pollak Mercer and Tench declined to act on the standing instruction when the first renewal fee became due because a substantial account with them remained unpaid by Revmarine. The account remained unsettled and the renewal fee was still unpaid when, on 20 February 1989, an Administrative Receiver was appointed to take control of the

affairs of Revmarine.

Mr Drysdale-Wilson presented two alternative and separate arguments for the restoration of the patent which, for convenience, I shall refer to as the pre-receivership and post-receivership arguments.

The pre-receivership argument runs thus: the proprietors had set up a reasonable system for the payment of renewal fees by giving a standing instruction to Pollak Mercer and Trench that the patent should be renewed. The renewal fee in question was not paid because Revmarine did not make the necessary funds available prior to the appointment of the Receiver, but they were entitled to pay the fee and the additional fee at any time during the grace period and were prevented from doing so in the last two months of that period because control of the company had passed to the Receiver. The appointment of the Receiver happened by operation of law and was clearly not a circumstance within the control of the proprietors.

The post-receivership argument was that the Receiver took reasonable care by requiring Revmarine to provide a Statement of Affairs and in endeavouring to identify the unspecified patent rights referred to in that Statement as comprising part of the assets of the company. What actually happened was that the Receiver, being concerned to maintain the patent rights, engaged the services of a firm of patent agents to carry out a comprehensive search for patents in the name of Revmarine. No such patents were located by this search, so, according to the evidence given by the Receiver, no action could be taken to keep the patent rights in force. The reason for no patents being revealed by the search was because Revmarine had not been registered as the proprietors.

The evidence shows that there was very little in the way of assets to satisfy creditors of Revmarine or, as

Mr Drysdale-Wilson argued, to cover the costs of extensive enquiries or extensive work on receivership. Thus, so the argument went, the steps taken by the Receiver were reasonable under the circumstances, and if the patent had been identified the renewal fee could have been paid.

One of the matters I have to consider in this application is who, either pre-receivership or post-receivership, was the person who was required by section 28(3) to take reasonable care to see that the renewal fee was paid.

Mr Drysdale-Wilson referred me to the case of Textron Inc's Patent [1989]RPC 441 which of course is the authoritative judgment on the interpretation of the provisions of section 28(3)(a) and (b) and has become so well known that I do not need to quote extensively from it.

In that case Lord Oliver is reported at p 453 l 38 as saying:

"I do not find it insuperably difficult to read 'the proprietor' in (a) as meaning, in the case of a corporate proprietor, 'the proprietor, by its directing mind' and to give a corresponding meaning to the word 'his' in (b). Nor is it, I think, an insuperable objection that there is no clear-cut test for determining what is and what is not for this purpose the directing mind, for that seems to me to be a question of fact which is capable of resolution rather by the application of a robust common sense than by precise legal definition."

There is no indication in the evidence as to who, specifically, was the 'directing mind' of Revmarine in the pre-receivership period, but it is clear that in effect Revmarine gave a standing instruction to renew the patent and that the instruction was not acted upon.

Mr Drysdale-Wilson did not argue that non-availability of funds, the reason for the patent agents declining to act on the instruction, was a circumstance beyond the control of

the proprietor in this particular instance, but nevertheless he urged me to accept that Revmarine had taken reasonable care to see that the renewal fee was paid because they issued the instruction and were prevented from obtaining the necessary funds to pay the renewal fee during the last two months of the grace period because of the appointment of the Receiver.

In my opinion the standing instruction could not have been effective at any relevant time. It was clearly not the practice of Pollak Mercer and Tench to act on such instructions when the proprietor concerned showed no signs of willingness or ability to pay off substantial sums of money owing, so the instruction given was always, or became, totally without force. It seems to me most likely that the patent agents had given up any hope that Revmarine would settle their outstanding account or would even respond to correspondence because they retained the official reminder sent to them on 21 November 1988 in accordance with rule 39(4).

Furthermore, had Revmarine been of a mind to renew the patent, the evidence suggests to me that they had sufficient funds available to pay the modest first renewal fee and any additional fee themselves up until 20 February 1989. I therefore do not accept that Revmarine satisfied the requirements of section 28(3) in the pre-receivership period. It was beyond their control to do anything about renewing the patent once the Receiver had been appointed, but I do not consider that to be of relevance because in my view nobody at Revmarine was in the position of being a 'directing mind' of the company after this event.

Although I accept that, following the appointment of the Receiver, Revmarine remained the proprietors of the patent, and that Revmarine and the Receiver were separate legal entities, it seems to me that the only sensible way of looking at things post-receivership is to regard the

Receiver as the 'directing mind' of Revmarine. The Receiver might not have the same objectives as would any board of directors or management of Revmarine, but at least the Receiver was concerned to maintain the rights in force as an asset of the company.

The question then arises as to whether or not the Receiver acted with reasonable care to see that the patent was renewed during the last two months of the grace period, and in particular whether the decision that nothing more could be done to keep the patent in force was arrived at as a result of exercising reasonable care under the circumstances. In effect the decision was to allow the patent to lapse, though of course it was made in ignorance of the identity of the patent, any value it might have, or its status with regard to the payment of renewal fees.

The weakness in Mr Drysdale-Wilson's argument that the decision was forced because there was little in the way of assets to cover the costs of extensive enquiries seems to me to lie in this: If a decision not to renew a patent because of the non-availability of funds puts the proprietor outside the possibility of restoration allowed for by section 28(3), then the decision by the Receiver not to make any further effort to identify the patent and determine its status, taken for the same reason, must surely have the same result when treating the Receiver as the 'directing mind' acting for the proprietor. It was not the case that it was impossible to identify the patent and determine its status because this was in fact done successfully before the end of July 1989 by the simple expedient of reviewing the correspondence between Revmarine and Pollak Mercer and Tench and contacting the latter by telephone.

It seems to me therefore that in deciding that nothing more could be done the Receiver was making a judgment based on commercial or business reasons, and by not continuing the investigation at that stage was knowingly taking the risk

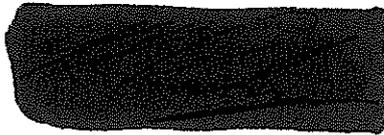
that any patent owned by Revmarine might lapse before anything could be done about it. The simple fact was that funds were not considered to be available to finance any further work and that situation did not change until early summer 1989, after the expiry of the grace period, when the major creditor had agreed to provide the necessary funds to settle the outstanding account with Pollak Mercer and Tench and to pay any further costs incurred.

Accordingly I find that the requirements of section 28(3) have not been met and I refuse the application for restoration.

Dated this

29 day of July

1991



K E PANCHEN

Superintending Examiner, acting for the Comptroller

THE PATENT OFFICE