PATENTS ACT 1977

IN THE MATTER OF an application
under section 28 for restoration of
European Patent (UK) 0105256 in the
name of Ranco Incorporated

DECISION

Background

1. The renewal fee for European Patent (UK) 0105256 ("the patent") in respect of the seventeenth year became due on 6 April 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 view of the non-payment of the renewal fee, the patent ceased on 6 April 1998.

2. An application for restoration was made on 5 November 1999, which was within the period prescribed under rule 41(1)(a) of the Patents Rules 1995. 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 Withers & Rogers, the agent acting for the proprietor of the patent, in official letters dated 7 June 2000 and 29 August 2000. The proprietor did not accept this preliminary view and the matter came before me at a hearing held on 7 September 2000. Ranco Incorporated was represented at the hearing by Mr H Wright, a partner of the firm Withers & Rogers, and the Office was represented by Mr I Sim.

The facts

3. The evidence filed in support of the application for restoration consists of three affidavits by Mr Guglielmo Rossi, General Manager of Deutsche Ranco GmbH ("Ranco") which is a subsidiary of Ranco Incorporated, and a statutory declaration by Mr Howard Wright of Withers & Rogers. The third affidavit sworn by Mr Rossi on 26 September 2000 is

almost identical his second affidavit sworn on 3 May 2000. The only difference between these two affidavits is that the later one corrects a mistake in the earlier one when quoting the number of the patent. There is also a declaration from a Notary Public in Germany, which explains and corrects an error in the date of Mr Rossi's declaration in his second affidavit.

4. From 1976 to 1990 Mr Rossi was Technical Director of the Automotive Division of Ranco. During this period he was involved in the development of an engine coolant valve, designated the H35 engine coolant valve, which led to the patent. Responsibility for developing new products for the Automotive Division passed to a Mr Schlick in 1993 and stayed with him until 1995. During this later period new products, based on the patent, were developed. The responsibility for patent matters in the Automotive Division was divided by agreement between Mr Rossi and Mr Schlick so that Mr Rossi retained responsibility for "old" patents taken out before Mr Schlick's involvement. The patent is one such "old" patent. In his second and third affidavits, Mr Rossi describes this arrangement as "a pragmatical decision in consideration of the background knowledge of the specific products".

5. On 4 February 1998 Mr Rossi received a letter from the US Attorneys, Watts, Hoffmann, Fisher & Heinke Co., requesting instructions for renewing the patent as well as corresponding German and French patents for the same invention. In this letter each patent was identified by its number but the patents were also described collectively as "the H35 engine coolant valve patent in Europe". Knowing that the H35 engine coolant valve had been discontinued in 1997 but unaware that the patent was still relevant to products developed under Mr Schlick, Mr Rossi instructed the US Attorneys on 10 February 1998 to allow the patents "to lapse by not paying the renewal fees". In his affidavits Mr Rossi acknowledges that he failed to consult the Automotive Division about the renewal of these patents and that his decision to allow them to lapse was a mistake. Mr Rossi attributes this mistake to pressures on his time as General Manager and a reorganisation of responsibilities for research and development within Ranco. Details of this reorganisation are set out in a letter dated 12 August 1998 (that is approximately six months after Mr Rossi gave instructions to allow the patent to lapse) to Hoffmann & Eitle, who are Ranco's representatives for patent matters in Germany. One result of the reorganisation was the transfer of responsibility for patent matters for the Automotive Division to a Mr William Stevens, who was the Director of

Automotive Engineering.

6. Neither Mr Rossi nor anyone responsible for patent matters related to the Automotive Division, following the 1998 reorganisation, received from the Patent Office the standard letter which warned that the renewal fee was overdue (the so called “PREN 5" letter). However, there is no suggestion that this letter was not sent to and not received by Withers & Rogers, which was the address for service in the United Kingdom for the patent. Mr Wright of Withers & Rogers explains in his statutory declaration that his firm has never been responsible for paying renewal fees on the patent and that as a result his firm would not have received information from Ranco or its renewal payment service whether renewal fees had been paid. Mr Wright goes on to state that because the patent had been renewed on a number of occasions since its grant, and because his firm receives a large number of official overdue reminder letters, his records department would not have forwarded the PREN 5 letter to Ranco’s German attorneys, Hoffmann & Eitle.

Assessment

7. What I have to decide is whether Ranco Incorporated 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.”*

Thus, in a nutshell, the proprietor has to satisfy me that reasonable care was taken to see that the fee was paid.

8. Although the patent proprietor is Ranco Incorporated, the evidence indicates that decisions concerning the patent were left to its subsidiary, Deutsche Ranco GmbH, and in particular to Mr Rossi. However, before I consider the submissions made at the hearing by

Mr Wright concerning the mistake made by Mr Rossi, I need to come to a view whether the non-receipt of the PREN 5 reminder letter by Ranco contributed in any way to the lapse of the patent.

Impact of the non-receipt of the PREN 5 reminder letter

9. Mr Wright did not address me at the hearing on the point made by Mr Rossi in his first affidavit that Ranco did not receive the PREN 5 reminder letter, which was issued by the Patent Office on 20 April 1998. Nevertheless, in his statutory declaration Mr Wright confirms that Withers & Rogers did not forward this reminder letter.

10. So was the official PREN 5 reminder an essential element of the system established by Ranco for ensuring that renewal of the patent was not overlooked? Clearly not since even before the Patent Office had issued its reminder, Watts, Hoffman, Fisher & Heinke Co. had already written to Mr Rossi requesting his instructions for renewing the patent and Mr Rossi had instructed them to let it lapse. Moreover, there is no evidence to indicate that if Mr Rossi or Mr Stevens after him had received the Patent Office reminder, it would have led to a reversal of Mr Rossi's decision of 10 February 1998 not to pay the renewal fee. I therefore conclude that the non-receipt of the Patent Office's reminder letter by Ranco did not have a bearing on the lapse of the patent.

Mr Rossi's mistake

11. The circumstances surrounding this case are very similar to those in *Atlas Powder Co.'s Patent* [1995] RPC 357. In *Atlas Powder* it was not realised that a dependent Malaysian patent would lapse automatically if the United Kingdom patent was not renewed. As in the present case, if the full facts had been appreciated, the United Kingdom patent would have been renewed. This earlier case was drawn to the attention of Ranco in the official letter of 29 August 2000, highlighting the following statement of Justice Aldous, as he was then, on page 368 lines 23 to 34 of the judgment:

"I believe that section 28 is concerned with the steps that a proprietor takes to see

that renewal fees are paid. Its aim is to allow restoration in circumstances where something goes wrong with a proper system set up to pay the appropriate fee. It is not there to alleviate proprietors from decisions not to pay fees, even though such proprietors may have taken reasonable care to come to a correct decision. Thus a proprietor who decides not to pay a fee cannot have his patent restored. He will not have taken any care to see that the fee was paid even though he may have taken reasonable care to decide whether to pay the fee. To decide to the contrary would mean that in cases where there was a decision not to pay the fee, it might be necessary, when deciding whether there should be restoration, to consider whether the proprietor acted reasonably both from a commercial view and in the light of legal advice."

At the hearing Mr Wright sought to persuade me that although Mr Rossi had mistakenly decided to allow the patent to lapse, the patent should be restored because the circumstances surrounding Mr Rossi's decision were sufficiently different from those that arose in *Atlas Powder*. There were two limbs to Mr Wright's submission. First, Mr Wright categorised the mistake in *Atlas Powder* as one of law because it stemmed from a lack of awareness of a legal link between the United Kingdom patent and the dependent Malaysian patent. On the other hand, Mr Wright categorised the mistake in the present case as not one of law but one based on a failure to recognise the commercial relevance of the patent to other products. The second limb of Mr Wright's submission was that Mr Rossi was not competent to take the decision concerning the renewal of the patent because he had not worked in the Automotive Division for many years.

The nature of the mistake was different from that in Atlas Powder

12. The judgment in *Atlas Powder* is clear and unambiguous - a proprietor who decides not to pay a fee cannot have his patent restored because he will not have taken any care to see that the fee was paid even though he may have taken reasonable care to decide whether to pay the fee. I take this as meaning that whatever the basis for a mistake when deciding not to pay a renewal fee, it has no bearing on whether the patent should be restored. Thus, in my view any differences in the basis for making the wrong decision in the present case and the basis

for making the wrong decision in *Atlas Powder* are irrelevant to the question whether the patent should be restored. However, I should add that I do not accept that there is a significant difference in the reasons behind the mistakes made in these two cases since both mistakes stemmed from ignorance of a relevant factor. In the present case there was a lack of awareness of the link between the patent and new products developed under Mr Schlick and in *Atlas Powder* there was a lack of awareness of the link between the United Kingdom and Malaysian patents. I am therefore not persuaded by the first limb of Mr Wright's submission.

Mr Rossi was not competent to take the renewal decision on behalf of Ranco

13. At the hearing Mr Wright opined that the system in place for renewing patents associated with the Automotive Division was in principle safe since it had ensured the successful renewal of the patent up until 1998. However, he went on to suggest that despite Mr Rossi's senior position as General Manager, Mr Rossi had become so out of touch with patent matters relevant to the Automotive Division by 1998, he should not have been responsible at that time for the decision to let the patent lapse. In support, Mr Wright referred to the reorganisation that occurred within Ranco in 1998 when responsibility for Automotive Division patents passed to Mr Stevens. It was Mr Wright's view that in such circumstances Ranco should not suffer the consequences of Mr Rossi's incorrect decision to allow the patent to lapse.

14. There is no evidence to indicate that Mr Rossi lacked the authority to make decisions on behalf of Ranco concerning the patent in February 1998. Indeed, at the hearing Mr Wright confirmed that Mr Rossi did have this authority at the relevant time. There is also no evidence that the reorganisation in 1998 was due to a realisation that Mr Rossi was no longer competent to deal with the Automotive Division's "old" patents. It seems to me that there could have been a number of other reasons for the reorganisation.

15. If I accepted Mr Wright's submission on this point, I would then have to consider whether Ranco had a reasonable system in place to ensure renewal of the patent when Mr Rossi instructed Watts, Hoffmann, Fisher & Heinke Co. not to pay the renewal fee for the seventeenth year in 1998. In particular, I would need to identify who was the so-called

"directing mind" for making patent renewal decisions, if it were not Mr Rossi. However, I am more inclined to accept Mr Rossi's statement that the pressures on him as General Manager at the relevant time in 1998 caused him to overlook the need to consult people in the Automotive Division on the need to renew the patent. I therefore cannot accept the second limb of Mr Wright's submission.

Conclusion

16. In conclusion I find that:

(a) Mr Rossi was the directing mind for renewal of the patent since he had the authority to make a decision on behalf of the proprietor, Ranco Incorporated, whether to renew the patent for its seventeenth year, and

(b) he did not take reasonable care to see that the renewal fee was paid because he decided not to pay the fee.

I therefore refuse to order restoration of European Patent (UK) 0105256. Any appeal against this decision must be lodged within six weeks of the date of the decision.

Dated this 10th day of October 2000

R J Walker
Assistant Director, acting for the comptroller

THE PATENT OFFICE