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22 March 2005

## PATENTS ACT 1977

APPLICANT	Dedar Limited
ISSUE	Whether European patent (UK) 1082401 should be restored under section 28
HEARING OFFICER	M C Wright

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### DECISION

- 1 The renewal fee in respect of the fifth year of the patent fell due on 27 May 2003. The fee was not paid by that date or during the six months allowed under section 25(4) with payment of the prescribed additional fees. The patent therefore ceased with effect from 27 May 2003. The application for restoration of the patent was filed on 10 December 2003, within the 19 months prescribed under rule 41(1)(a) for applying for restoration. After considering the evidence filed in support of the application for restoration an official letter was sent to the applicant on 4 November 2004 informing them that it was the preliminary view of the Patent 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.
- 2 The matter came before me at a hearing on 9 February 2005 which was held over a video link between the Patent Office's premises in London and Newport. The applicant was represented by Mr Jeremy Walder of Sanderson & Co. (S&Co.). Mr Paul Twyman attended on behalf of the Patent Office.
- 3 The evidence filed in support of the application consists of four witness statements by Mr Michael John Archer Ling of Dedar Limited dated 22 December 2003, 15 May 2004, 14 July 2004 and 16 September 2004. One witness statement was supplied by Nicholas Exton of Edge Design dated 17 May 2004 and one by Sharon Jones of S&Co. dated 18 May 2004.

#### The Facts

- 4 The patent proprietor Dedar Limited licensed the patent to Waste to Energy Limited which was responsible for paying the renewal fees. Mr Ling is the Managing Director of both companies and was the person responsible for deciding whether to pay the renewal fee and

for seeing that it was paid. For convenience I shall refer to the two companies and Mr Ling as the “proprietor”.

- 5 At the beginning of 2002 the proprietor started experiencing severe financial difficulties which persisted through most of 2003. These difficulties were the result of the utility companies, to which the proprietor had supplied plant, withholding payment because of technical problems. As a result, Mr Ling had to lay off his employees and close his factory. The subsequent failure of an investment proposal added to Mr Ling’s financial difficulties. At around the same time Mr Ling’s marriage broke down and he had the added burden of having to take on the role of company secretary which used to be his wife’s job. All this placed considerable pressure on Mr Ling who consequently suffered from severe stress related ailments.
- 6 Although the technical problems with the plant were eventually resolved, Mr Ling’s financial problems remained. As a consequence he did not have the money to pay off debts owing to his patent agents S&Co. who he employed to pay renewal fees on his instructions and could not instruct them to pay the fifth year renewal fee by the due date of 27 May 2003.
- 7 During the six months immediately following 27 May 2003, when the fee could be paid with extension fees, Mr Ling entered into negotiations with a Canadian company, SYNXX Synfuels Inc. (SYNXX), with a view to exploiting the technology. As a result of those negotiations, SYNXX undertook to provide Mr Ling with funds which would enable him to pay off his debts and pay the fifth year renewal fee subject to the completion of a formal agreement. On 18 November 2003 Mr Ling visited S&Co. and told them that he would shortly be in a position to pay them the money they were owed and the money for the fifth year renewal fee. S&Co. told Mr Ling that they were not prepared to pay the fee until he cleared his debt with them and provided the money for the fifth year renewal fee in advance.
- 8 Mr Ling was unable to complete the agreement with SYNXX until 26 November 2003 which was the day before the final day of the six month period for paying the renewal fee with extension fees. He was also due to have an all day meeting with SYNXX the following day, 27 November 2003. As it would have been difficult to break away from those discussions to issue S&Co. with the necessary instructions, Mr Ling decided to send the instructions by e-mail in the evening of 26 November 2003. As he explains in his witness statement of 16 September 2004, because S&Co. already had his credit card details, all they needed to make a deduction from his credit card was his express authorization. S&Co. have confirmed in a letter to the Patent Office dated 20 September 2004 that they would only make the deduction if they received Mr Ling’s authorization. The instructions contained in the e-mail Mr Ling sent to S&Co. on 26 November 2003 would have constituted the authorization they needed. Unfortunately, that email was not received by S&Co. and consequently the renewal fee remained unpaid and the patent ceased.
- 9 The reason Mr Ling’s e-mail was not received by S&Co. was that his e-mail and Internet account, which had previously been withdrawn, had not been reinstated by the e-mail/Internet provider Edge Design despite the fact that he had paid for it to be reinstated on 11 November 2003. The reason the account had not been reinstated was that, unbeknown

to Mr Ling, the account had previously been cancelled rather than suspended when Mr Ling had failed to keep up the payments. Consequently, it took Edge Design longer than expected to restore the account.

### **Applicant's case**

10 At the hearing Mr Walder said that because of Mr Ling's financial predicament, it was not possible for him to instruct S&Co. to pay the fifth year renewal fee until he had the financial resources to pay what he owed them and to pay them the money for that fee in advance. Mr Walder argued that it would have been unreasonable for Mr Ling to have instructed S&Co. to pay the renewal fee until he was sure that he had the funds and he would not know that until the agreement had been concluded with SYNXX on 26 November 2003. In this regard, Mr Walder referred me to *Ament's Application* [1994] RPC 647 in which Aldous J commented:

“reasonable care to see the fee was paid . . . . might require seeking financial assistance and in appropriate cases taking reasonable care to avoid impecuniosity”.

11 Mr Walter went on to say that, as Mr Ling knew he would be tied up the following day in a meeting with SYNXX, it was reasonable for him to send an instruction to S&Co. in the evening of 26 November 2003. Mr Walder also argued that it was reasonable for Mr Ling to assume that that e-mail would be received by S&Co. as he had paid Edge Design on 11 November 2003 to reinstate his e-mail account and he had no reason to believe that some three weeks later it would not have been restored.

### **Office's case**

12 The reason the Patent Office came to its preliminary view that the applicant had not taken reasonable care centers on Mr Ling's e-mail instruction to S&Co. to pay the renewal fee. In its letter of 4 November 2004, the Office took the view that Mr Ling's use of an untested e-mail account, which he knew had been withdrawn previously, without checking to ensure that the instruction had been received did not constitute reasonable care to see that the renewal fee was paid. The Office felt that Mr Ling could have contacted S&Co. on 27 November 2003 to ensure they had received his instruction as it should have been possible to have found time to make a brief telephone call.

### **Assessment**

13 Those then are the fact and arguments. I now need to determine whether the requirement for restoration has been met. The requirement is set out in Section 28(3) of the Patents Act 1977. That section was amended with effect from 1 January 2005 by replacing the standard, which required the Comptroller to be satisfied that the proprietor took “reasonable care” to see that the renewal fee was paid, with a requirement that the Comptroller has to be satisfied that the failure to pay the renewal fee was “unintentional”. However, the new standard only applies to patents that ceased on or after 1 January 2005. Therefore, in the present case it is the standard of “reasonable care” that still applies.

14 In deciding on the case it is important to bear in mind the following comment by Aldous J in *Continental manufacturing & Sales Inc's patent* [1994] RPC pages 535 to 545:

“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.”

15 It could be argued that the fact that Mr Ling paid Edge Design on 11 November 2003 to reinstate his e-mail and Internet account was an indication that he had the funds to pay the £50 fifth year renewal fee and that he could have paid the fee direct to the Patent Office instead of through S&Co. with whom he was in debt. However, even though it was a relatively small amount of money, from the broader business perspective he clearly wanted to wait until he had fixed the deal with SYNXX as it was that deal that would determine whether he would be able to continue to exploit his patent and hence whether it was worth committing further expenditure including fees to maintain his patent. This said, by leaving payment so late it was crucial that he took extra care to ensure the fee was paid in time.

16 I can appreciate that Mr Ling would have been under a lot of stress at the time. However, the fact that he was able to arrange to have his e-mail and Internet account restored and was engaged in negotiations with SNYXX is a clear indication that he was able to cope successfully with various business demands. In fact, on realizing that he would not know until the evening of 26 November 2003 whether he would have the necessary funds and that he would be tied up with his new business partners the following day, Mr Ling had the presence of mind to send an e-mail instruction that evening.

17 I believe the action Mr Ling took to avoid impecuniosity by ensuring that he had the necessary funds from his new partners and issuing instructions immediately thereafter and before he would be engaged in important business discussions, was reasonable in the circumstances. The question is was it reasonable for Mr Ling to leave things at that and not make some effort to contact S&Co. on 27 November 2003 to check that they had received the e-mail instructions. It is, of course, easy to say with hindsight that Mr Ling should have carried out such a check at the time which should have been possible even though he was involved in discussion with SNYXX. However, the fact is that he knew he had paid Edge Designs on 11 November 2003 to reinstate his e-mail account and had no reason to believe some three weeks later that the account had not been restored. In this regard it is worth noting that in his witness statement Mr Exton of Edge Designs says that Mr Ling “would have had good reason to believe that the account would have been reactivated around 20 November”.

### **Conclusion**

18 I believe the proprietor did take care to see that the renewal fee was paid by sending instructions by e-mail to his patent agent in the narrow window of time immediately after knowing for sure that he would have the necessary funds and before he knew he was going to be tied up with his new business partner. I am also satisfied that the non delivery of that e-mail instruction was not something the proprietor could have foreseen and consequently there was no obvious reason to check that it had been received. I am therefore prepared to

accept that the action taken by the proprietor amounted to taking reasonable care to see that the renewal fee was paid.

- 19 It follows that I am satisfied that the requirements of section 28(3) have been met and that restoration should be allowed. In accordance with rule 41(4) of the patents Rules 1995, an order for restoration will be made if within two months from the date of this decision the proprietor files a Patents Form 53/77, together with Patents Form 12/77, duly completed, and the amount of unpaid renewal fee. The effect of the order will be as specified in section 28A.

M C Wright  
Assistant Director acting for the Comptroller