Restoring inadvertently-lapsed patent rights

Everything you wanted to know about patent restoration in Europe (but were afraid to ask). By **Simon Keevey-Kothari**.

Attention to detail is of the upmost importance when it comes to managing intellectual property. The unintentional loss of valuable registered IP rights, whether patents, designs or other rights can be extremely distressing. The cost of trying to restore lost rights, from the perspective of time as well as money, can be huge. However, even when registered IP rights have been lost, *it is sometimes possible to rescue them*.

The first time I was ever involved in trying to restore a patent which had lapsed accidentally, I thought the whole process would be pretty straightforward and would not cost much. I was obviously completely mistaken (on both counts). The European patent in question had lapsed in the UK, Germany, France and the Netherlands due to a missed annuity. The UK restoration was by far the simplest, since as explained below the UK Intellectual Property Office (IPO) just needs to be convinced that the lapse was unintentional. The patent offices in the other European countries, however, had to be persuaded that the lapse occurred in spite of all due care having been exercised by the patent proprietor which, as you will discover, is a much higher hurdle to overcome. In this article I will consider common situations that can lead to *annuity-related* inadvertent lapses of patents in Europe, and importantly what to do when you realise restoration is needed.

When do patents lapse?

Restoration is most often required when patents have lapsed due to the accidental failure to pay renewal fees (annuities). Two common situations in Europe in which annuity-related lapses occur include:

1. When a patent portfolio is sold

When a patent or a whole portfolio of patents is being sold by one business to another, and there is a misunderstanding or miscommunication regarding who is responsible for payment of renewal fees, this can result in annuity-related lapses.

A particularly dangerous situation is where negotiations between the parties end up being protracted and carry on for six or more months – if patent renewal payments fall due during negotiations and there is a misunderstanding between the seller and the buyer regarding who is responsible for maintaining the patents during this period, the payment of renewals can fall through the cracks. It is easy enough for this to happen, especially when each side is preoccupied with the details of the deal still being finalised.

2. When a European patent application has recently been granted

When the European Patent Office (EPO) agrees that an EP application may be granted, this grant procedure has two basic parts – the EPO grants the patent, and the patent must then be 'validated' in whichever of the designated countries are decided upon by the applicant. Up until the grant of the EP application as a bundle of national patents, the patent proprietor's records in some cases may include *only* the EP application itself, and *not* the individual national validations. These are often added to existing records after post-grant validation has been

completed. This approach can cause problems in situations where the payment of the renewal fee falls due shortly after the patent has granted – in this situation a bundle of renewal fees are payable *at national patent offices in Europe*, but there is no reminder set up on the proprietor's system yet, since individual country records have not been created for these national validations.

This can be avoided by creating records for all national validations (which will include the renewal fee due date) as soon as the countries for validation have been decided, and if possible creating these records *before* grant of the EP application.

If the validation countries cannot be determined until after grant, it is very important when creating records for the validations to ensure that the due date for this first post-grant round of renewal fees is appropriately docketed, to allow for the situation where the renewal payment falls due before the decision on where to validate is made.

The danger in creating records after grant is in a situation where the renewal fee due date has already passed before the national records were created. Since many records systems assume (quite understandably) that reminders are always forward-looking, when the records are created the system might automatically docket the due date for payment of the renewal fee as the following year, since this year's due date has already passed. In such a situation, anybody checking the system might assume wrongly that the current year's renewal fee has already been paid (when it actually has not) because the system says that the next renewal fee due is the following year's. This small docketing error can have severe consequences.

A patent has lapsed, now what do I do?

First – do not panic! The situation might be salvageable if you act quickly. Second – contact your IP adviser (be it external or internal) straight away in order to confirm that it's not too late to file a restoration application at the relevant IP office. If you are not out of time, docket this deadline once it has been identified.

Given that patents are national rights, any request to restore such inadvertently-lapsed rights must be filed at the national patent office in each of the countries of interest. But what are the requirements for restoration to succeed at the different national patent offices in Europe – do all the offices apply the same criteria?

Restoration in the UK

Whether the patent which has lapsed is a GB patent granted by the IPO or an EP(UK) patent granted by the EPO does not make any difference – they are both treated the same. This is because, once granted, a European patent application that is validated in the UK becomes a national patent equivalent to a patent granted by the IPO; the same restoration procedure applies to both.

If you have just realised that a patent for which you are responsible has lapsed, you need to make an application for restoration at the IPO as soon as possible in order to minimise the risk that a third party will gain the right to use your invention. Evidence supporting the restoration request does not need to be filed at the same time as the relevant form requesting restoration (Patents Form 16); the evidence can be filed later. Once the IPO has received your request for restoration, it will contact you giving a deadline by which supporting evidence needs to be filed, generally around eight weeks later.

The application for restoration needs to be made at the IPO by the party that was the proprietor of the patent at the time the missed annuity was due. Therefore, if the patent had been assigned from Party A to Party B but the assignment had not been recorded, the restoration application should be filed by Party B, along with a request to record the assignment from Party A to Party B (using the relevant IPO form, Patents Form 21).

Whilst it is important to file the restoration request as soon as possible after the patent has lapsed to minimise the risk that a third party will gain the right to use your invention, in reality you may, for one reason or another, not find out about the lapse until much later. It is possible to file a restoration request at the IPO up until *13 months* from the end of the six months' grace period (i.e. 19 months from the date the annuity was missed).

The criterion applied by the IPO

In order for a restoration request to succeed, the proprietor needs to provide evidence to the IPO that it did not intend for the patent to lapse; that it was the proprietor's intention to maintain the patent and the lapse was therefore 'unintentional'. Even though this 'unintentional' standard is lower than that of the EPO and also most other national patent offices in Europe, where the much higher 'all due care' standard needs to be met, an explanation of the circumstances which led to the error still needs to be provided to the IPO. It is not sufficient to apply to the IPO simply stating that the lapse was unintentional, and requesting that the Comptroller please restore the patent.

Notwithstanding this lower 'unintentional' standard, showing that the lapse was unintentional is still not always straightforward. The relevant circumstances and internal decision-making within the proprietor's organisation during the period before the patent lapsed may not always be clear-cut, so care often needs to be exercised when putting together a witness statement. It is important to note that the IPO will *not* restore a patent if it considers that the proprietor had intended to allow the patent to lapse, and subsequently *changed its mind*.

Restoration in most other European countries (also referred to as 'reinstatement')

Whilst there are some slight variations between countries, for most other jurisdictions in Europe, in order for a restoration

or reinstatement request to succeed, you need to show that the deadline was missed in spite of 'all due care' having been exercised in the circumstances by the proprietor (and their representative, if relevant).

The reinstatement request generally has to be filed within *two months* of removal of the 'cause of non-compliance' – which generally means the date when the missed deadline was discovered. What is generally known as the 'omitted act', which is the payment of the missed annuity, must be completed at the same time as the reinstatement request, prior to the expiry of the two-month deadline.

This criterion of 'all due care' is a much higher standard to meet than the UK's 'unintentional' one, and the evidential burden of proving that all due care was indeed exercised by the parties is a heavy one. Nevertheless, it is still sometimes possible to rescue such rights. Carefully structured arguments and supporting evidence should be submitted which show that there were very robust systems in place to ensure that deadlines are met in a timely manner, but on this particular occasion something unusual happened, which interfered with established systems and caused the annuity payment deadline to be missed.

In particular, in Europe it is necessary to set out what occurred specifically in this instance which resulted in the inadvertently-missed annuity payment deadline, and to demonstrate that it was a one-off mistake in an otherwise well-maintained and very reliable system. If possible, a particular, unusual circumstance or event should be identified which led to the established procedure failing this one time. Detailed information therefore needs to be provided to the various national patent offices in Europe regarding the proprietor's internal monitoring systems for ensuring that deadlines (including those for annuities) are always met, including prompts and cross-checks within the system, setting out the details of a perfectly-functioning system that was in place at the time. The evidence which needs to be provided will have to show how the relevant records, docketing and deadline monitoring system works, perhaps illustrated by screen shots, etc. As with the UK restoration procedure, this should be submitted to the relevant national patent office in the form of a detailed declaration or witness statement, with the supporting evidence included as annexes. However, given the higher evidential burden in most jurisdictions in Europe, due to the requirement to satisfy all due care, typically much more detailed evidence needs to be filed to support the restoration request as compared with a similar request in the UK.

The practicalities – how do you put together a robust argument?

One of the most important elements when preparing submissions to patent offices for a restoration request (particularly at those offices which apply the 'all due care' criterion) is the need for collating very detailed evidence surrounding what exactly happened which resulted in the unfortunate and inadvertent loss of valuable patent rights. This is not always easy to obtain, at least initially, when the responsible individuals may well be rather defensive regarding the error which was made.

In order to prepare a robust submission requesting restoration, though, it is absolutely essential to have a detailed understanding both of how the relevant docketing system should have worked, as well as *what went wrong on this occasion*.

The human side of patent restoration – and why it is important

One morning some time ago when I was listening to the BBC radio programme/podcast *Desert Island Discs* (a show where guests choose their favourite pieces of music to keep them company were they stranded alone on a desert island), the guest on this occasion was Thomas Keneally, author of the novel *Schindler's Ark* (which was made into the very powerful film *Schindler's List*). When talking about one of his musical choices, *Fairytale of New York* sung by Shane McGowan and Kirsty McColl, a song which one cannot escape from during Christmas (at least in the UK anyway), he described the song as an 'encyclopaedia of love, alienation, insult and regret'. My immediate reaction when I heard the words 'love, alienation, insult and regret' in one sentence was that that is actually a perfect description of trying to restore a lapsed patent.

And here's why. *Love*: quite often when putting together an agreement to support a restoration request you end up having to deal with an experienced, dedicated employee who is proud of (and maybe even loves) their work, yet on this one occasion has made a small mistake such as docketing an incorrect date with disastrous consequences. *Alienation*: having made this kind of error can sometimes have the effect of the person losing confidence in themselves, and also develop the feeling that their colleagues no longer see them as responsible. *Insult*: The person feels that their integrity and competence is being questioned and that maybe their job is on the line, and on top of that they have to answer a list of probing questions. *Regret*: twenty-twenty hindsight whilst ridiculous is still a pain, 'If only I had done what I have done a million times before and just ticked that box, docketed that date, etc.' Keeping in mind this quartet of love, alienation, insult and regret can be a useful tool and helpful guide when collating the necessary evidence and putting together a solid argument for restoration.

The first one, *love* (a.k.a. all due care, in a way) – this must always be present, via a persuasive argument supported by detailed robust facts The second, *alienation* – restoration as a process exists for the same reason that pencils have erasers at the end, with the best will in the world, humans can still make mistakes. The third, *insult* – once the person is reminded and reassured that they are a competent member

of staff, whose expertise and dedication is valued, they willingly assist. The fourth, *regret* – this is always a waste of time, so do not allow people to go down this negative alley. What is done is done – let's fix it. At the end of the day that is the only approach that works.

So how do you go about proving that due care was exercised in a situation where something definitely went wrong? And also went wrong so fundamentally that a valuable patent was allowed to lapse by mistake – which is basically a disaster. The answer is that you have to make a very persuasive case to the patent office that the relevant party, whether it was the patent proprietor or their representative, had a top-notch records management and docketing system in place, with lots of in-built double-checks, regular reminders, etc., and that the patent lapsed due to some other totally unanticipated factor, against which the best records system in the world would have been helpless, or if there was no such external factor, that it was a one-off mistake in this top-notch 'Rolls-Royce' records management and docketing system that had hitherto always worked flawlessly.

As touched on above, the hard truth is often that the person from whom you need the most information in order to find out how the system works and what went wrong on this occasion is most often the person who really doesn't want to speak to you at all – the actual member of staff who made the error which resulted in the lapse. They're embarrassed and angry at themselves enough already, without having to be dragged through all this again, in most cases by someone they don't even know, and generally quite some time, maybe even a year, after the mistake was made. Getting such a person to open up can be quite difficult, but there are approaches which can be taken.

First, make it clear that this isn't about blame – the purpose of the restoration exercise is to put together a persuasive bundle of information and prepare robust arguments to rescue the lapsed patent, not to point the finger at any one individual. As anybody with experience of the patent world knows very well, it is all too easy for a person to make a mistake, for example by incorrectly docketing an important date, and that is why all good records systems contain in-built double (or even triple) checks.

Second, try to make the person feel relaxed and understand that this is likely to be a sensitive issue for them.

Establishing what went wrong

Whilst building up a picture of how the organisation's records system works is vital, usually evidenced in the form of information-packed screen-shots, detailed step-by-step standard operating procedure (SOP) documents and other related information, this is only one section of the restoration argument. You then need to ask what is arguably the most important question of all: 'So what went wrong this time, to make the system ineffective and basically useless from the point of view of paying the annuity (or in other scenarios whatever other act it was that was inadvertently missed) for this particular patent?' You might expect a fairly precise explanation as to how and when the error occurred. But this is hardly ever the case. I have found that a good place to start is for the person to check their Microsoft Outlook activity and calendar activity during the day/period in question. This simple investigation can provide information such as: the person was in the office until mid-morning on the day in question, then suddenly left. This may jog the person's memory, and they recall that they were taken ill that morning, or they received an urgent telephone call relating to a family member. Speaking to other members of the person's team can also provide snippets of information, which end up acting as *aides memoire* for the person.

These discussions may need to take place over the telephone or by video conference – asking questions via email correspondence does not jog people's memories in the same way, in my experience. It is, however, amazing what people can and do remember once you have put them in the right mental space.

A sudden unavoidable external event which could not be anticipated is generally the most powerful ammunition you can obtain – such unexpected events which I have come across have included personal injury due to accidents, and being rushed to hospital to give birth prematurely, to name a couple – although a less obviously disruptive event can still provide a good basis for a request, if argued intelligently and persuasively. Don't forget though, that even when there was such disruption, it must still always be shown that there was a good records systems in place.

Summary

Even in the best working systems, mistakes sometimes occur, whether that be now when many people are still working from home during lockdown, or in more normal times. However, as the above illustrates, missing the deadline for paying an annuity is not necessarily the end of the world. With carefully prepared and focused arguments, and the subtle use of important supporting evidence, lost patent rights can sometimes still be rescued.

Having a 'Rolls-Royce' records management and docketing system in place is not only very important in order to ensure that deadlines are always met, but also so that in the event that you do ever need to, you can very easily show *all due care* – i.e. if it were not for that awful, unexpected, unavoidable event that occurred, it is obvious to any patent office that there was an established top-notch office system that had everything under control – normally it just purrs and purrs, like a Rolls-Royce.

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