

**IN THE MATTER OF PATENT P-NOS. 75688, 76800,  
76801, 79379, 79380, 79381, and 79382  
IN THE NAME OF MEMC ELECTRONIC MATERIALS, INC.**

**AND**

**APPLICATIONS TO RESTORE**

*Before Principal Assistant Registrars Simon Seow and Isabel Chng  
27 September 2007*

**Patents** – Non-renewal – Application for restoration – Impecuniosity – whether Applicant was unable to pay the prescribed fees within the prescribed periods – whether Applicant wanted to pay the prescribed fees within the prescribed periods – whether Applicant took reasonable care to ensure that it was in a position to pay the prescribed fees within the prescribed periods – Section 39(5) of the Patents Act (Cap 221, 2005 Rev Ed)

**Words and Phrases** – “reasonable care” – Section 39(5) of the Patents Act (Cap 221, 2005 Rev Ed)

The Applicant, MEMC Electronic Materials, Inc., is the proprietor of the above 7 patents, which were not renewed by their respective deadlines in 2004. The Applicant applied for restoration under section 39 of the Patents Act and rule 53(1) of the Patents Rules. The Registrar took the preliminary view that the requirements for restoration had not been met and informed the Applicant of the intention to refuse the applications for restoration. The Applicant requested to be heard on all 7 applications under rule 53(3) of the Patents Rules.

The Applicant claimed that a long and severe downturn in the silicon industry led to volatile and negative business conditions in 1998 and 1999, forcing it into a “devastating downturn”. Further in October 2003, the Applicant’s intellectual property (IP) budget was reduced by 50%, leading to the Applicant’s inability to pay the fees for some foreign patents and applications, including the present 7 lapsed patents under consideration.

Due to the IP budget restriction, the Applicant had to prioritise its patent portfolio and as such, whilst there was a number of patents and applications for which the fees were unpaid, the Applicant always had an underlying intention to proceed with them at the first reasonable opportunity once the financial situation would allow.

**Held, refusing all seven applications for restoration**

1. Section 39(5) of the Patents Act requires the Registrar to be 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 6 months immediately following the end of that period, before she restores the patent.
2. While the inability to pay is a factor that should be taken into account, by itself this factor is not conclusive that the requirement of section 39(5) has been met. In other words, the inability to pay per se is not a ground for restoration under section 39.
3. To satisfy section 39(5) in situations where the patentee claims impecuniosity, the patentee had to meet a 3-limb test:
  - a. It was unable to pay the prescribed fees within the prescribed periods;
  - b. It wanted to pay the prescribed fees within the prescribed periods; and
  - c. It took reasonable care to ensure that it was in a position to pay the prescribed fees within the prescribed periods.
4. The Applicant had a choice in deciding how to use its funds but chose to apply them to matters other than to maintain the present 7 lapsed patents. As such it was found that the first limb was not met as the Applicant had not established that it was unable to pay the prescribed fees within the prescribed periods. It could pay, but chose not to, as it had prioritised other matters higher than the present 7 lapsed patents in view of the reduced budget.
5. The second limb was not met either as the Applicant made a deliberate decision to abandon most of its Singapore patents. Specifically, the Applicant intended not to pay the fees necessary to maintain the 7 lapsed patents, but chose to reconsider them at a later indefinite date.
6. The Applicant failed to furnish the necessary evidence to show that it had taken all reasonable care to avoid impecuniosity. As such, the third limb was not met. In the face of rising costs, there was no evidence of the Applicant’s efforts to grow its business, generate revenue or generate profits. Instead, expenditure increased and it was only much later that there were staff lay-offs and a reduced budget to

improve the Applicant's financial position. The Applicant did not explain how such actions and/or inactions, and the timing of the actions, could be considered reasonable.

**Provisions of Legislation discussed:**

- European Patent Convention article 122
- Patents Act (Cap 221, 2005 Rev Ed), ss 36(2), 36(3), 39(5)
- Patents Rules 2007 rr 51(1), (2), (2A), 53(1)
- UK Patents Act 1977 (as amended by the Copyright, Designs and Patents Act 1988)
- UK Regulatory Reform (Patents) Order 2004 (UK)

**Cases referred to:**

- A-G v Venice-Simplon Orient Express Inc Ltd [1995] 2 SLR 20
- Ament's Application [1994] RPC 647
- Atlas Powder Co's Patent [1995] RPC 666
- Burnstein Technologies, Inc & Nagaoka Co. Ltd's application to restore a patent (UK Patent Office BLO/092/06)
- Radakovic/Re-establishment of rights (EPO Board of Appeal Decision J22/88)
- Dedar's Application (UK Patent Office 0/075/05)
- Continental Manufacturing & Sales Inc's Patent [1994] RPC 535

**Representation:**

- Mr Blayne Peacock & Dr Timothy Watkin (M/s Lloyd Wise) for the Applicant