

- d. a witness statement dated 3 February 2004 from Nicole Cordillot, head of the annuity department of Santarelli, France
- e. a witness statement dated 5 May 2004 from Martine Voulgaris, Legal Business manager of Nufarm SA, France and executive assistant to Martine Lagneau
- f. a third witness statement dated 18 August 2004 from Robert Reis
- g. a fourth witness statement dated 28 April 2005 from Robert Reis.

The Facts

- 5 A word first about the structure of the international relations involved in this case. At its head we have Robert Reis in Australia. He is General Manager of a company called Pharma Pacific Pty Ltd, of which Medisup International N.V. is a subsidiary, and he is the person generally responsible for maintenance of this and other patents in the name of these companies. These companies appear also to be subsidiaries of Nufarm Limited. It is accepted that Mr Reis is the “directing mind” of the patent proprietor as far as renewals go.
- 6 Mr Reis delegated responsibility for monitoring the deadlines for payment of the renewal fees to a French firm of patent attorneys, Rinuy Santarelli (now Santarelli).
- 7 Liaising with Santarelli in France was Nufarm SA, a further subsidiary of Nufarm Ltd. Also, when Santarelli needed representation in the United Kingdom they would use the UK patent agents Page White and Farrer.
- 8 Hence there were three key players in the renewals system that operated for this patent. Santarelli monitored deadlines and initiated each renewals cycle by issuing its own Annuity Payment Notice (APN). This notice was sent to Nufarm SA, and asked whether the renewal fee should be paid or not. Nufarm SA faxed this notice to Mr Reis for a decision. Mr Reis would then instruct Santarelli direct as to payment. The safety net built into the system was that if Santarelli did not receive instructions back they would issue second and third reminders, which would go through the same channels.
- 9 So what went wrong in 2002? Santarelli initiated the process by sending its first APN (dated 16 January 2002) to Nufarm SA. The European patent was due for renewal in 14 European countries besides UK, so a batch of APNs (one sheet for each country) was sent at the same time. In due course Nufarm SA faxed these notices to Mr Reis on 15 March 2002. Although the notice relating to the EP(UK) patent was included in the batch put in the fax machine, it was not present in the transmission received in Australia. The omission seems likely to be connected with a paper misfeed that occurred during transmission, and that necessitated some pages having to be re-sent. Mr Reis hence issued instructions to Santarelli only in relation to the patents in the 14 other countries and not the UK. Santarelli noticed the omission and therefore issued a second notice on 14 June 2002 to Nufarm SA in respect of the EP(UK) patent alone. Unfortunately Nufarm SA faxed this notice, not to Mr Reis, but to an engineer in France who had been in charge of the development of the patent. It is unclear why Nufarm SA departed from established procedures here, and the error seemed to go unnoticed and uncorrected. At any rate, Santarelli again responded by sending its third

notice to Nufarm SA on 7 August 2002. This notice contains clear warnings that it is to be the final reminder. Unfortunately again, neither of the two people at Nufarm SA who customarily dealt with these notices were present in the office at this time in August, and this crucial notice was merely put on file and not drawn to their attention on their return. In summary therefore, the failure to renew this patent is attributable at source to events in the offices of Nufarm SA, which meant that on three occasions and for three different reasons Santarelli's reminders for the EP(UK) patent failed to be forwarded to Mr Reis.

- 10 I observe that the reminders which this office issued, one on 1 May 2002 and a second on 14 November 2002, were sent of course to Page White and Farrer as the UK address for service. These were forwarded to Santarelli and were used by them to check that their own reminders had issued.

Applicant's case

- 11 Medisup's position has been set out in the evidence and correspondence on the official file and in the submissions by Mr Daniels. Their basic position can be summarised as follows:
- a. Mr Reis was the directing mind as regards patent renewals. He set up a reasonable system for the payment of renewal fees.
 - b. Following *Textron's Patent* [1989] RPC 441 an employer such as Mr Reis cannot reasonably be expected to supervise the carrying out of every administrative function committed to an *ex facie* competent employee or agent.
 - c. The employee at Nufarm SA, Martine Lagneau, had received full, clear and unambiguous instructions about forwarding annuity reminders to Mr Reis. She had performed this role since 1998, and had successfully renewed over 170 patents. There was therefore no doubt that Mrs Lagneau was competent to carry out this role. Adequate backup was present in that Mrs Lagneau had an executive assistant, Martine Voulgaris, who was also competent to forward annuity reminders in the absence of Mrs Lagneau. In accordance with the teaching of *Textron*, Mrs Lagneau was a "servant" of the patentee company since her role was purely administrative, and failures of servants are unforeseeable if, as here, they have been adequately instructed and have hitherto been reliable.
 - d. The non-transmission of the first reminder related to the fax operation, which was outside the reasonable system implemented by the proprietor. The errors relating to the second and third reminders were unrelated and unforeseeable.

Patent Office's case

- 12 The Office has accepted that Mr Reis was the "directing mind" for renewal of this patent and furthermore accepted that, having set up a competent system for renewal, he should not bear responsibility for errors in the administrative operation of that system. This was the case despite the series of errors that occurred in the same area of the system. But Mr Reis also played a role in the system because all reminders were to be referred to him for decision as to payment. The Office had considered the evidence filed up to the end of September 2004

but came to a *prima facie* view that Mr Reis had not operated his system with reasonable care in respect of the renewal of the EP(UK) patent in question. They noted that Mr Reis had in March 2002 received a batch of reminders, from which that for the EP(UK) patent was missing and was not indeed forthcoming in the coming months when Santarelli would have issued its further reminders. Mr Reis had stated that he had intended to renew the EP(UK) patent; and the conclusion he drew from the absence of an APN from Santarelli was that the renewal fee had already been paid. He also had stated that he filed a copy of each APN with an indication of the decision made, and each file related to a family of patents. The Office concluded from this that, since Mr Reis was the sole person taking decisions on the renewal of patents, and since he maintained a complete file showing decisions taken, the absence of anything on the file relating to the current UK renewal should have told him that the renewal could not have taken place as he supposed, and should thus have alerted him to make further enquiries.

Assessment

13 Section 28(3) of the Patents Act 1977 states:

“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@

14 In accordance with section 28(3), I have to determine whether or not Medisup took “reasonable care” to see that the twelfth-year renewal fee was paid on this patent. In deciding this matter it is helpful to bear in mind the following direction given by Aldous J in *Continental Manufacturing & Sales Inc’s Patent* [1994] RPC 535:

“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 At the hearing, much of the discussion inevitably focused on the role of Mr Reis, and in particular his reaction to the absence of any reminders relating to renewal of this patent out of the European family being renewed at that time. It became clear that what was a reasonable reaction here might be affected by the level of detail that Mr Reis went into in managing his portfolio of patents, determined in turn by his degree of knowledge of the patent system. A directing mind with some knowledge of the patent system might for example appreciate that:

- a European patent family (ie the national patents resulting from the grant of a European patent) could be expected to have much the same renewal date, relating to the anniversary of the filing date (except that the date for the UK patent might differ by a few weeks as it ties the renewal date strictly to the anniversary of the filing date instead of allowing payment up to the end of the month in which the anniversary falls, as in other countries): hence the UK reminder should have been presented at the same time as those for the other countries.

- it might be more important to renew a patent in some countries than in others, and a directing mind might thus wish to review the coverage, and particularly to check that significant countries were included.

16 Mr Daniels said that if I considered that evidence would be helpful on the extent to which Mr Reis concerned himself with such matters, there was a prospect that such evidence could be obtained. I therefore allowed him a period of time in which to provide such evidence, and the outcome was the fourth witness statement, dated 28 April 2005, from Mr Reis, and a supporting letter from Mr Daniels dated 29 April 2005.

17 In this final witness statement Mr Reis states that he is not a qualified patent attorney and is not aware of the dates for renewing patents, although he is aware that patents in the same family may not have the same renewal date. He would thus have two legitimate explanations why a renewal notice might be absent from a family renewal: the fee had already been paid, and/or the renewal date was different. Even if the absence was due to error, there would be not one but two opportunities for correction when Santarelli sent further reminders. With these safeguards he could reasonably conclude that the absence of a reminder was not a cause for concern that the system had failed.

Conclusion

18 In the light of all the evidence provided, particularly by Mr Reis, I conclude that the approach he adopted shows reasonable care. First and most importantly, he had delegated the administrative functions concerning renewal to other, competent bodies, ie jointly to Santarelli and to Nufarm SA in France. The operation of Santarelli in this and previous cases was (on the evidence) beyond criticism. In particular the issue of three separate reminders was a prudent measure that was deployed without a hitch. The operation of Nufarm SA had (on the evidence) been satisfactory in the past, and the sequence of three mishaps that occurred in their area in relation to this patent does not alter the fact that they knew what was expected of them and had apart from this incident been effective in discharging their duties. It is tempting to enquire what further checks and balances Mr Reis might have operated that would have provided a yet further safety net, but I have concluded that it was reasonable for Mr Reis to rely on the system that was in place to present him with whatever documents he needed to see at any time, and hence reasonable for him not to enquire as to the absence of documents. This being so I do not think it reasonable to expect Mr Reis to have done more.

19 On the evidence before me I am satisfied that Medisup exercised the degree of care to see that the renewal fee was paid which I consider was reasonable under the circumstances of this particular application for restoration. I am therefore satisfied that the requirements in section 28(3) have been met and that restoration of the patent should be allowed.

20 In accordance with rule 41(4) of the Patents Rules 1995, an order for restoration of the patent will be made if, within two months from the date of this decision, the proprietor files a Patents Form 53/77 and fee of £135, together with Patents Form 12/77, duly completed, and the amount of any unpaid renewal fee. The effect of the order will be as specified in section 28A.

HUGH EDWARDS

Deputy Director acting for the Comptroller