



Sergio Carluccio

scarluccio@jacobacci.com

Associate, Dr. Ing., Italian Patent Attorney, Professional Representative in Community Design matters before the OHIM. Sergio is often involved in international prosecuting of patent application, with particular reference to USA, China and Japan, he has core expertise in the field of robotics, human-machine and haptic interfaces, sensors, transducers, mechatronics, [Please read more on www.jacobacci.com]

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***Sunstar* redux: agent's mistake no excuse for non-observance of renewal deadline**

After 10 years of litigation the Court of Cassation recently ruled that an agent's mistake does not excuse non-observance of a mandatory deadline for paying patent renewal fees.

Facts

Sunstar, Inc is the owner of European Patent 1250066, which has been validated in Italy. On October 27 2005 Sunstar filed a request for re-establishment of rights with the Italian Patent and Trademarks Office (UIBM) following non-observance of the time limit for paying the fifth renewal fee for the Italian part of the European patent. The final deadline, including the additional period for making the payment with a penalty fee, expired on July 31 2005. On October 26 2005 Sunstar finally made the renewal payment.

The UIBM rejected the request for re-establishment of rights, arguing that it had been filed after the statutory deadline had expired. Pursuant to Article 193(2) of the IP Code, a request for re-establishment must be filed within two months of the date on which the cause of non-observance of the deadline is removed.

Sunstar appealed the UIBM's decision to the Board of Appeal, arguing that "the date of removal of the cause of non-observance" should be the date on which the patent owner became aware of non-observance of the deadline for paying the renewal fee. In the case at hand, this occurred on August 31 2005, when the agent (in this case, a sub-agent that specialised in renewal payments) informed Sunstar of non-observance of the deadline. Based on these considerations, Sunstar claimed that it had filed the request for re-establishment within the allowed period.

On November 15 2007 the board rejected Sunstar's appeal, stating that, on the contrary, the date of removal of the cause of non-observance was the date on which the sub-agent entrusted with payment became aware of non-observance of the deadline for paying the renewal fee (ie, August 1 2005), not the date on which Sunstar was notified (nearly one month later). Therefore, the board concluded that the request for re-establishment was filed after the allowed period.

Sunstar appealed to the Court of Cassation requesting re-establishment of rights based on, among other things, the misapplication of Article 193, on the grounds that:

- the patent owner and its authorised representative were the same entity and failed to consider that non-observance of the deadline was due exclusively to a mistake by the patent owner's agent; and

- the two-month from the date of removal of the cause of non-observance ran from the date on which the agent, rather than the patent owner, became aware of the non-observance.

Court of Cassation decision

On August 13 2015 – 10 years after the missed deadline – the Court of Cassation rejected Sunstar’s appeal, thus refusing the re-establishment of rights requested by Sunstar.

The court ruled that a patent owner cannot avoid the loss of rights due to non-payment of a renewal fee by arguing that it entrusted this task to an agent of good repute (Cassation 2924/1998). The court applied the general provisions of agency law, stipulating that an agent’s mistake should be imputed to the principal, except in case of fraud or bad faith by the agent. In an agency relationship the principal has a duty to monitor whether the agent actually performs the tasks with which it has been entrusted (Cassation 1883/1998). These principles apply equally to Article 193 of the IP Code, which imposes a duty to exercise all due care required by the circumstances.

Further, a patent owner cannot secure the re-establishment of rights by claiming that it is not responsible for a deadline missed by its agent without having demonstrated that it monitored the execution of tasks by the agent (Cassation 6885/2013). The court reasoned that, for the purposes of re-establishment, it is insufficient simply to demonstrate that an entrusted representative is adequately organised to perform the activities with which it has been entrusted. Rather, the patent owner must monitor the activities of an agent acting on its behalf. Therefore, the patent owner must establish that it has fulfilled its monitoring duties and then prove that the agent’s failure to meet the deadline was due to extraordinary circumstances which it could not have foreseen.

Comment

The Court of Cassation confirmed that the date of removal of the cause of non-observance, from which the two-month term for filing a request for re-establishment runs, is that on which an agent acting on behalf of a patent owner gains knowledge of the non-observance, rather than the date on which the agent informs the patent owner.

In the absence of extraordinary circumstances, a patent owner is not free from the consequences of its agent's failure if it has not demonstrated that it monitored the execution of the tasks entrusted to the agent.

For further information please contact:

Sergio Carluccio
Jacobacci & Partners
www.jacobacci.com
Email: scarluccio@jacobacci.com
Tel: +39 02 772271

(*) *Jacobacci & Partners - IAM Country contributor for Italy*