

## **PATENT ACT 1977**

IN THE MATTER OF applications  
under section 28 for restoration of  
patent EP0535781 in the name of  
Mr Oscar Mario Guagnelli Hidalgo

### **DECISION**

#### **Background**

1. The renewal fee in respect of the ninth year of the patent fell due on 8 July 2000. The fee was not paid by that date or during the six months allowed under section 25(4) upon payment of the prescribed additional fees. The patent therefore lapsed on 8 July 2000. The application for restoration of the patent was filed on 11 April 2001, 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 proprietor's patent agents Walker & Co. 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, Mr Oscar Mario Guagnelli Hidalgo, did not accept this preliminary view. The matter came before me at a hearing on 10 May 2002.
2. Mr Rory Moore, of Computer Patent Annuities Limited Partnership (CPALP), attended the hearing on behalf of the proprietor. Mr Ian Sim attended on behalf of the Patent Office.
3. The evidence filed in support of the application consists of a sworn declaration by Alison Clare Clarke, of CPALP dated 8 May 2001, two sworn declarations by Mr Hidalgo dated 24 September and 18 December 2001, two sworn declarations by Mr Moore dated 23 August 2001 and 8 January 2002 and a sworn declaration by Sergio L Olivares, Sr., of Olivares & Cia dated 6 May 2002. The last of these declarations was presented for the first time unsigned at the hearing. The Office had not therefore had the benefit of seeing that declaration when it reaching its preliminary decisions. Nevertheless, I was prepared to take it into account subject to receiving a signed copy within two weeks. The signed copy was duly submitted to me on 13 May 2002.

#### **The Facts**

4. In 1992 the applicant, Mr Guagnelli Hidalgo, who lives in Mexico, set up a company called Desarrollo Ecologico Intergral, S.A. de C.V. known by its initials as DEISA. The Mexican law firm of Olivares & Cia was employed to prosecute the application for the patent in certain countries throughout the world. The United Kingdom was one of the countries designated in the application for a European patent. To maintain in force the patents derived from the European patent, including the subject patent, the patent annuity paying agency CPALP, based in Jersey, was employed to send reminders to Olivares when each renewal fee was due and to pay the fees when instructed to do so. On receipt of a reminder Olivares would contact DEISA and await instructions.

5. These arrangements operated in respect to the renewal fees which had to be paid to the European Patent Office up to and including the sixth year fee. After those fees were paid, Mr Guagnelli Hidalgo decided to transfer management of the patent from DEISA to a company called TINEP, S.A. de C.V. Although Mr Guagnelli Hidalgo was the Director of TINEP, two of his daughters, Monica and Laura Gaugnelli Martinez were put in charge of the administration of the company.
6. In August 1998, Monica Gaugnelli sent a letter to Olivares instructing them to address all correspondence to TINEP at its address in the State of Mexico. Laura Gaugnelli was then given responsibility for liaising with Olivares on patent matters, including the payment of renewal fees. In view of difficulties TINEP was experiencing with postal communication at its address in the State of Mexico, both sisters decided to hold a meeting with Mr Antonio Lorca of Olivares to try and expedite communication to prevent possible delays. At the meeting it was agreed that Mr Lorca would follow up any written communication sent to TINEP and Laura Gaugnelli would do the same with regard to any written communication TINEP sent to Olivares. This follow up action was to be by telephone. The results of the meeting were conveyed to Mr Guagnelli Hidalgo who approved the arrangements.
7. In view of the problems with written correspondence, Olivares did not send written reminders to TINEP in respect to the seventh and eighth year renewal fees on the patent but instead corresponded solely by telephone. Both those fees were successfully paid.
8. In 2000 TINEP moved to a new address and changed its telephone number. Laura Gaugnelli sent an e-mail on 7 August 2000 to Olivares, telling them about the change of address and telephone number though she did not ask them to confirm receipt of the e-mail. In the event, the e-mail was not received by Olivares and consequently Olivares continued to try and contact TINEP at its old address and telephone number. In the absence of any response, Olivares scoured the telephone directories to try and locate TINEP. However, by the time they managed to find TINEP's new telephone number it was too late to pay the renewal fee and the patent lapsed.

### **Assessment**

9. Those then are the facts. I now need to determine whether the requirements for restoration have been met. The requirements are set out in Section 28(3) which reads:

*"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."*
10. The question therefore is, did the proprietor of the patent, Mr Guagnelli Hidalgo, take reasonable care to see that the ninth year renewal fee was paid?
11. Using the services of an established firm of professional patent agents like Olivares is

quite common and the system operated successfully in the case of the subject patent up to an including the eighth year renewal fee. Rather than deal with individual renewal fees himself, Mr Guagnelli Hidalgo discharged that responsibility to an employee of TINEP, namely his daughter Laura Guagnelli. She was under standing instructions to keep the patent in force which she would do by instructing Olivares to pay individual renewal fees when she received their reminders.

12. As part of her patent renewal duties, it was Laura Guagnelli's responsibility to ensure that Olivares was told about the change of TINEP's address and telephone number which she endeavoured to do by sending an e-mail message. As it was crucial that Olivares received that e-mail, it could be argued that Laura Guagnelli should have checked to ensure that Olivares had received it and that they had taken the necessary action by updating their address database. In fact, the agreement reached with Olivares, whereby both Olivares and TINEP would follow up correspondence by a telephone, suggests that Laura Guagnelli, in the absence of any acknowledgement from Olivares, should have telephoned that firm to satisfy herself that they had received the e-mail notification. The question is, was the failure to ensure that Olivares received the change of address notification due in any way to a lack of reasonable care on the part of the proprietor, Mr Guagnelli Hidalgo.
13. In considering this matter it is helpful to refer to the following comments by Lord Oliver of Aylmerton in *Textron Inc's Patent [1989] RPC 441*

“It is within the control of the proprietor to ensure that an agent or servant is competent and is given clear and unambiguous instructions but it is not within the control of the proprietor to ensure that an agent or servant invariably obeys instructions.”

“No employer can reasonably be expected to supervise the carrying out of every elementary administrative function committed to an *ex facie* competent employee or agent. An individual proprietor of the patent who arranges with an independent agent of proven reliability to carry out the task of paying renewal fees as they become due, clearly, in my view, takes reasonable care to ensure their payment and if, for some reason, the agent fails to carry out his duties properly, that default would, in the absence of some circumstances indicating actual or presumed knowledge on the part of the proprietor, clearly be beyond the proprietor's control. I can see no reason why the position should be any different if the proprietor, instead of employing an outside agent, chooses to perform the function of paying renewal fees through an *ex facie* trustworthy and reliable servant.”
14. I need to decide therefore whether or not Mr Guagnelli Hidalgo took reasonable care in delegated responsibility for ensuring renewal fees were paid to a competent employee or “servant”, namely his daughter Laura Guagnelli and issue her with clear and unambiguous instructions.
15. On the facts of the case, there is nothing to suggest to me that Mr Guagnelli Hidalgo should have had any reason to doubt his daughter's competent. To the contrary, in view of the problems with mail being delivered to TINEP's address in the State of

Mexico, Laura Guagnelli and her sister took it on themselves to agree precautionary arrangements with Olivares to secure effective communication. This, together with the fact that the seventh and eighth year renewal fees were paid, the first ones for which Laura Guagnelli would have been responsible, would have given Mr Guagnelli Hidalgo every reason to trust in his daughter's competence and reliability.

16. As for the instructions Mr Guagnelli Hidalgo gave to Laura Guagnelli, it is clear from the evidence that she was under standing instructions to maintain the patent in force which she would do by telling Olivares to pay the renewal fees when she received their reminders. Mr Guagnelli Hidalgo knew that she had sent a notification to Olivares about the change of TINEP's address and telephone number. He was also aware of the agreement reached between Laura Guagnelli and Olivares about following up correspondence by telephone. Everything therefore seemed to be taken care of and there would have been no reason for Mr Guagnelli Hidalgo to issue any further instructions.
17. In view of the agreement reached with Olivares about following up correspondence, Laura Guagnelli should have telephoned Olivares to satisfy herself that they had received her e-mail. This was doubly important as Mr Moore told me at the hearing that e-mail services in Mexico do not always return an e-mail indication that the transmission has been successful. However, I do not believe that Laura Guagnelli failure to carry out such a simple administrative function was something that Mr Guagnelli Hidalgo could have anticipated or for which he could be held responsible.

### **Conclusion**

18. I am satisfied that the patent proprietor took reasonable care to see that the ninth year renewal fee was paid by establishing a reliable and effective system and assigning responsibility for paying the fee to a competent and properly instructed employee. I am also persuaded that the failure to pay the fee arose not because of a failure on the part of the proprietor to take reasonable care but because of an omission by that otherwise trustworthy employee which it would be unreasonable to expect the proprietor to have foreseen.
19. I am therefore satisfied that the requirements for restoration, as set out in section 28(3), have been met and I am prepared to allow the application for restoration. 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 the unpaid renewal fee. The effect of the order will be as specified in section 28A of the Patents Act 1977.

Dated this 13<sup>th</sup> day of June 2002

M C WRIGHT  
Assistant Director, acting for the Comptroller

**THE PATENT OFFICE**

