BL O/055/82

PATENTS ACT, 1977

4/3/82

IN THE MATTER OF the application of Societe Minerve SA for the restoration of Letters Patent No 1445469

DECISION

Patent No 1445469, sealed to Societe Minerve SA, lapsed on 23 October 1979 upon failure to pay the renewal fee for the seventh year. Application to restore the patent was filed on 23 October 1980. After consideration of the evidence filed on behalf of the applicants the Office expressed the view that the conditions laid down by Section 28 of the Patents Act, 1977 had not been met and the matter came before me at a hearing on 18 February 1982 when Mr Simon Thorley appeared as counsel for the applicants.

The facts of the case are as follows: renewal reminders were sent by the Patent Office to the UK firm of patent agents, Brookes and Martin, who relayed them to Michel Bruder, a French patent agent who handled patent matters for the company. At the end of 1978 M. Bruder received a letter from a M. Herissay informing him that he, M. Herissay, had been appointed by the French Court as the "Syndic" to administer the affairs of the company (the company having become insolvent) and he wished to know whether the various sums due in connection with the company's patents had been settled to date. In his reply M. Bruder referred to some outstanding sums owing to him by the company and he also asked whether he should address renewal reminders to the Syndic. He received no reply to this question despite several telephone calls. Nevertheless when he received the reminder from Brookes and Martin he in turn sent a reminder dated 10 September 1979 to the Syndic and again received no response despite again making several telephone calls. As a consequence he assumed it had been decided not to maintain the patent and he sent no instructions to Brookes and Martin.

In his affidavit, the Syndic, M. Herissay, admits he received reminders from M. Bruder in respect of various patents but says that before he could authorise payment of a renewal fee he had to be convinced that the expense was justified. He was not familiar with patents and the more pressing problems concerning the

financial affairs of the company took up all of his time. He was not able to make the necessary consultation to appraise any of the company's patents before 23 April 1980, this being the end of the six months grace period when renewal was still possible as of right on payment of an extra fee. Not being aware that there was this six months limit, M. Herissay was not unduly concerned.

Turning now to Section 28, the requirements are that the Comptroller must be satisfied that (a) 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, and (b) those fees were not so paid because of circumstances beyond his control. The immediate question then which falls to be considered is who in the present involved state of affairs is the proprietor. This requires that the role of the Syndic be elucidated and to this end I have had the aid of an affidavit by Mr M V S Hunter, QC, eminently qualified in the field of insolvency law, both national and foreign, and in particular French. It is clear from his statement that the Syndic is not the equivalent of a Receiver in this country. The Receiver has greater powers, the former directors of the company being wholly ousted from direction and management. The Syndic on the other hand is a trained insolvency administrator "who is to collaborate with the Directors of the insolvent undertaking so as to work out a possible settlement restoring it to solvency and continuing life, and its restoration to its proprietors in full independence. In this capacity the Syndic does not have the property of the undertaking vested in him, although the undertaking and its Directors are 'dessaisis' (divested) of its property, ie they no longer hold it at their free disposal". "The normal administrators or officers of the undertaking would be powerless to take action involving expenditure of the funds of the undertaking of their own volition .... nevertheless the acts or omissions of the Syndic ... are not synonymous or equivalent with the acts of the 'administrateurs' (ie the Board of Directors) of the undertaking. They are separate entities, and the undertaking (or its creditor) could proceed against the Syndic for damages for negligent administration or assistance in administration, eg by not paying the renewal fee for the patent, even although the Syndic, as deposed in Maitre Herissay's affidavit encountered great difficulty in performing his duties."

Mr Thorley argued that what emerged from this evidence led to the conclusion that the proprietor of the patent was still the company. But they were not free agents, having an overseer in the form of the Syndic who was primarily acting in the

interests of the creditors and whom they could not coerce. On this basis, the first question to be answered is, did the company take reasonable care to ensure payment of the renewal fee? Mr Thorley maintained that they did, having set up a proper system through the French Agent, M. Bruder, acting through Brookes and Martin. In accordance with the system, not only were the reminders forwarded in the proper manner but they were followed up by telephone calls from M. Bruder. But is this sufficient? It seems to me that more is required of the Directors of a companying wishing to safeguard their patent rights. They must show firstly that they wanted to pay this particular renewal fee and secondly that they made reasonable efforts to do so. On both these counts there is no evidence whatsoever. They must have been aware from the very system which they set up that the question of patent renewals regularly arose and they might have raised the subject with the Syndic or with M. Bruder but there is no evidence that they did so. Had it been shown that any of the Directors of the company took such steps and urged the Syndic to pay, then there would be some force in the argument that the first requirement of Section 28 had been met and also that the proprietors were fettered by the Syndic so that non-payment of the renewal fee was due to circumstances beyond their control. In the event however this second limb of Section 28 does not come up for consideration.

There is another possibility which I should perhaps consider, although it was not one raised by Mr Thorley, and that is that, if the proprietors were still the company directors, the proper action to be taken by M. Bruder would have been to continue sending the reminders to them as before, particularly as he received no reply from the Syndic. It might then be argued that the principle laid down in Frazer's Application, 1981 RPC 53, that the ordinary rule that a principal stands in the shoes of his agent does not apply for the purposes of Section 28(3), should apply here. However I do not believe that this would avail the present applicants. In the Frazer case, the system of relying solely on the agent (a solicitor) was held to constitute a reasonable system for a patentee of Mr Frazer's type, "a lone patentee". This description cannot be applied to the present applicants. They are a company of some size owning a number of patents in different countries and one would expect them to have on their staff, if not among the directors, a person responsible for patents. In these circumstances I repeat my earlier stated belief that it is not sufficient just to rely on receiving reminders from M. Bruder. Thus, on the basis that the true proprietor is the company, I must refuse this application.

If, despite Mr Thorley's contention, it is not the company but the Syndic who is in effect the proprietor of the patent, I must consider whether he took reasonable care to renew the patent. There can be no doubt that he was well aware that renewal fees had to be paid to keep a patent in force. At a very early stage, in December 1978, he took it on himself to enquire of M. Bruder as to whether various payments for the protection of patents, trade marks and designs, had been settled. He furthermore received at least one reminder in respect of the present patent. From the date of that reminder, 10 September 1979, there were six weeks available for paying the normal renewal fee although of course he had had over eight months from January of that year when he commenced his duties in which to consider the matter. In addition there was the six months grace period.

M. Herissay says that with all the pressing problems concerning the financial affairs of the company he was unable to devote the time to consult with others to ascertain the value of any of the company's patents until after the expiration of that grace period. One can well understand that M. Herissay had many urgent problems to face but he seems to be saying that the question relating to patent renewal could be relegated to the bottom of the queue. That is hardly taking reasonable care nor can I accept that it is a situation beyond his control. Even if M. Herissay were himself fully occupied with financial affairs he might at least have asked the directors to evaluate the worth of this patent and advise him of the desirability of renewing it. But of this or of any other consultation regarding the renewal of the patent there is no evidence.

In the result therefore I find that, whether the proprietor is the Societe Minerve or the Syndic, M. Herissay, reasonable care was not taken to see that the renewal fee was paid and I must refuse this application.

Dated this 4th day of March 1982.

(N G TARNOFSKY)
Superintending Examiner, acting for the Comptroller

PATENT OFFICE