

New trend in restoring lapsed patent rights in Italy

On 8th April 2021, the Italian Patent and Trademark Office (IPTO) issued a decision on the reinstatement of patent rights in relation to the Italian fraction of a European patent. The rights in question had expired because the patent owner, which experienced insuperable economic difficulties, did not pay the annual renewal fee within the prescribed time limit.

While the IPTO does not usually consider an applicant's economic difficulties to be a sufficient justification for a failure to comply with a fixed deadline, the Office here accepted the patent owner's position that economic difficulties cannot, in principle, be excluded from the circumstances that allow the restoration of patent rights.

Background

Upon receipt of an application for restoration of lapsed patent rights before the Italian Patent and Trademark Office, the Office is ultimately required to assess whether the conduct of the applicant surrounding the loss of rights meets the requirement of due care provided in Article 193 of the Italian IP Code. The Office will grant the restoration if the applicant demonstrates to have exercised the diligence required by the circumstances on case-by-case basis.

In this case, the main argument set forth in the application was that the failure to meet the payment deadline was caused by insuperable economic difficulties experienced by the patentee as a consequence of disabling health problems that affected him physically and psychologically. In fact, these problems prevented him not only from payment of the patent annuities, but also from meeting his and his family's primary needs. Indeed, the patentee was homeless for a certain period of time, and had to appeal for a housing allowance and state aid.

Notwithstanding these challenges, the patentee continued his efforts to find a business partner and adequate funds to keep the patent alive, thus arguing in the application for restoration that he acted with "the diligence required by the circumstances of the case" as required by Italian law to have a patent reinstated.

In its preliminary assessment of the application, Office took into account the financial difficulties of the patent owner. In line with the previous jurisprudence in similar cases – holding that a lack of liquidity cannot rise to the level of an impediment, as otherwise any insolvent debtor could simply assert that a failure to meet a deadline is blameless and therefore lawful – the Office took the position that the applicant's personal financial condition did not provide sufficient grounds to grant the request for reinstatement, even though it had seriously affected the circumstances of the specific case before it.

In the applicant's observations in response to the Office's preliminary decision to reject the application, the applicant requested the Office to review the case considering both of these elements jointly, underlining that the continual efforts undertaken by the patent owner demonstrates that he did far more than one can expect from an individual in such a critical personal condition. In fact, the evidence before the Office demonstrated that the patentee, who was aware of the need to comply with the payment and being unable to perform the task with his own resources, had never quit looking for reliable commercial partners that could help him to pay the annuity fee.

These arguments and observations convinced the IPTO to change its initial position and grant the restoration. The Office's final decision acknowledged that the failure to pay the renewal fee was due to exceptional circumstance, which were beyond the applicant's control, and that the applicant had nonetheless exercised all the due diligence required by the circumstances.

Conclusions

The IPTO is known for having a very restrictive approach in granting restorations. This is particularly true in cases where the omission causing a failure to meet a payment deadline is not due to an accidental oversight, rather it is due to the economic and personal difficulties of the applicant. This decision represents an exception to the previously existing legal scenario: the Office, considering the efforts made by the patent owner to find the resources necessary to keep the patent alive, found that the applicant demonstrated to have exercised the diligence required by the circumstances of the case.

Recognizing that the economic difficulties cannot by way of principle be excluded from the circumstances that allow the granting of a restoration, the IPTO has potentially initiated a new trend for the restoration of lapsed patents.