

Decision of the Enlarged Board of Appeal dated 28 January 2005

G 3/03

(Language of the proceedings)

Composition of the board:

Chairman: P. Messerli

Members: W. Moser

G. Davies

C. Holtz

U. Kinkeldey

A. Nuss

R. Teschemacher

Applicant: HIGHLAND INDUSTRIES, INC.

Headword: Reimbursement of the appeal fee/HIGHLAND

Article: 21, 106, 107, 108, 109, 111(1), 112(1) EPC

Rule: 67 EPC

Rules relating to Fees Art. 11

Keyword: "Interlocutory revision and request for reimbursement of the appeal fee - department of the first instance not competent to refuse the request for reasons of equity - competence of the board of appeal which would have been competent to decide on the substantive issues of the appeal in the absence of interlocutory revision"

Headnote:

I. In the event of interlocutory revision under Article 109(1) EPC, the department of the first instance whose decision has been appealed is not competent to refuse a request of the appellant for reimbursement of the appeal fee.

II The board of appeal which would have been competent under Article 21 EPC to deal with the substantive issues of the appeal if no interlocutory revision had been granted is competent to decide on the request.

Summary of facts and submissions

I. Decision J 32/95 (OJ EPO 1999, 713) held that under Rule 67 EPC, second sentence, the department of the first instance, in the event of interlocutory revision under Article 109 EPC, can order reimbursement of the appeal fee, but cannot refuse it, and that the power to refuse reimbursement of the fee resides exclusively with the board of appeal (cf. point 2.4 of the Reasons). Under Article 109(1) EPC, first sentence, the department whose decision was contested was obliged to rectify its decision if it considered the appeal to be admissible and well-founded; it did not then have the power to remit the appeal to a board of appeal (cf. point 2.5 of the Reasons). If, given this situation, the department did not consider the request for reimbursement of the appeal fee to be well-founded, it had to grant interlocutory revision and to remit the request for reimbursement of the appeal fee to the board of appeal for a decision (cf. point 2.5 of the Reasons).

However, as regards the composition of the board of appeal competent to deal with such a request, decision J 32/95 is silent.

II. In accordance with the findings of decision J 32/95, several cases have subsequently been remitted to the boards of appeal to deal solely with requests for reimbursement of the appeal fee, interlocutory revision having been granted by the department whose decision has been impugned. In each of these cases, the request for reimbursement of the appeal fee was decided upon by the board of appeal which would have been competent to deal with the appeal had interlocutory revision been refused (cf. decisions T 790/98 - 3.3.1 of 15 June 1999,

T 647/99 - 3.3.2 of 4 April 2000, T 697/01 - 3.3.1 of 19 October 2001, T 700/01 - 3.3.3 of 17 April 2002, T 768/01 - 3.2.1 of 24 September 2001, T 1183/02 - 3.5.2 (OJ EPO 2002, 404)).

III. In case J 12/01, interlocutory revision pursuant to Article 109(1) EPC was granted by the examining division whose decision to refuse a European patent application had been impugned. But the examining division was not prepared to allow the request of the appellant (applicant) for reimbursement of the appeal fee. In accordance with the findings of decision J 32/95, the request was thus remitted to Technical Board of Appeal 3.2.6, which would have been competent to deal with the appeal if no interlocutory revision had been granted. Subsequently, with the consent of the Chairman of that Board, the request of the appellant for reimbursement of the appeal fee was allocated to the Legal Board of Appeal.

IV. In its decision J 12/01 (OJ EPO 2003, 431), the Legal Board of Appeal, pursuant to Article 112(1)(a) EPC, referred the following questions to the Enlarged Board of Appeal:

"1. In the event of interlocutory revision, does the department of first instance whose decision has been appealed, have the power to refuse a request for reimbursement of the appeal fee, and if so, is such refusal a final or an appealable decision?"

2. If a department of first instance, not having that power, refers the request for reimbursement of the appeal fee to the boards of appeal for decision, how should the competent board be constituted?"

V. The arguments put forward in support of the referral were essentially as follows.

(i) Once the appeal had been dealt with in substance by way of interlocutory revision, the procedural nature of an isolated request for reimbursement of the appeal fee was unclear. It was thus questionable whether, and how, the provisions on the composition of the boards of appeal pursuant to Article 21(2) and (3) EPC were applicable in the presence of such a request.

(ii) The request could be considered a continuation of the appeal on narrower grounds concerning an ancillary issue to which the procedural rules of the main issue applied. The criteria for determining the composition of the board of appeal pursuant to Article 21 EPC, in particular Article 21(3)(b) EPC, would then remain fully applicable, notwithstanding the fact that the decision under appeal as such had been set aside in its entirety (thus, to that extent the power to deal with the issues involved in the appeal did not pass from the department of the first instance to the appeal instance).

(iii) The request could also be construed as a separate independent appeal against an (implicitly) negative decision of the department of first instance, namely not to order the requested reimbursement. As regards the composition of the board of appeal, Article 21 EPC would again provide a clear answer: five members pursuant to Article 21(3)(b) EPC where the interlocutory revision was granted by an examining division consisting of four members, and, in contrast to the approach set out under paragraph (ii) above, three legally qualified members (ie the "Legal Board of Appeal") in all other cases (Article 21(3)(c) EPC).

(iv) In view of the fact that the appeal was no longer pending after it had been dealt with by interlocutory revision, the request could equally be considered a matter sui generis which as such had to be decided upon by the boards of appeal. It could be argued that, in the event of interlocutory revision under Article 109 EPC, the decision under appeal had been set aside by the competent department of the first instance and that, consequently, a board of appeal could no longer act as a review instance. On the other hand, in accordance with the findings of decision J 32/95, the request was not supposed to be the subject of a (negative and therefore) appealable decision of the department of the first instance within the meaning of Article 111(1) EPC. Thus, if nevertheless a board of appeal was called upon to decide directly and exclusively on the request, this power had to be regarded as distinct from, and additional to, the responsibility of the boards of appeal under Article 21(1) EPC, viz. to examine "appeals from the decisions" of departments of the first instance.

(v) It could further be concluded that the request was not a matter to be decided by the boards of appeal. The department of the first instance was obliged to examine whether the requirements for reimbursement of the appeal fee under Rule 67 EPC were met, irrespective of whether the appellant had submitted such a request. Moreover, the effect on the appellant of a finding that these requirements were not met was the same, regardless of whether the request was expressly refused or, in the absence of such a request, the issue was passed over in silence in the decision of the department of the first instance granting interlocutory revision. Since it was indisputable that, under Rule 67 EPC, the department of the first instance had the power to refuse a request implicitly by passing it over in silence, it could be argued that it should equally have the power to expressly refuse the request. As a legal consequence, there would be neither a need nor room for any remaining responsibility of the boards of appeal in respect of an appeal which was no longer pending. The appellant would thus in practice

be prevented from seeking legal redress against the refusal of the request by the department of the first instance, because an appeal against such a decision would require the payment of a further appeal fee, in respect of which the requirements for reimbursement pursuant to Rule 67 EPC would not be met in the large majority of the cases (cf. decision J 32/95, point 2.2.5 of the Reasons). However, this consequence was not necessarily inequitable or contrary to the legislator's apparent intentions. With regard to procedural costs, the EPC did not seem to guarantee the right to legal redress to the same extent as with respect to requests concerning substantive issues. In particular, pursuant to Article 106(5) EPC, in conjunction with Article 11 of the Rules relating to Fees, an appeal against a decision fixing the amount of costs of opposition proceedings was only possible if the amount in dispute was in excess of the appeal fee. It could be derived therefrom either that there was no lacuna in Rule 67 EPC, or that the legislator would fill it by expressly excluding an appeal against any form of failure by the department of the first instance to refund the appeal fee following interlocutory revision under Article 109(1) EPC.

(vi) The findings of decision J 32/95 (cf. paragraph I above) were based on an analysis of the wording of Rule 67 EPC, which was found to reveal "something of a lacuna", and not on an interpretation of Article 21 EPC. In decision T 700/01 it was held that the power of the board of appeal to decide on the request was not derivable from Article 21 EPC, which only dealt with the composition of the boards of appeal in the case of an appeal. This gave rise to a novel situation in which a gap in the law, similar to and consequential upon the "lacuna" identified in decision J 32/95 in respect of the "vertical" distribution of powers between the departments of the first instance and the second instance, existed in respect of the "horizontal" delimitation of competence among differently composed boards of appeal.

(vii) In order to ensure uniform application of the law as regards the composition of the boards of appeal when a request for reimbursement of the appeal fee was remitted to them after interlocutory revision, a referral to, and a decision of, the Enlarged Board of Appeal was thus required (Article 112(1)(a) EPC). Whilst it might not be critical in what composition a board of appeal decided on the reimbursement of the appeal fee pursuant to Rule 67 EPC, clear and unambiguous rules as to the composition of a judicial body were fundamental requirements from both the aspect of due process and that of the efficient functioning of any judicial review system. Therefore, the correct composition of the boards of appeal as such constituted an important point of law within the meaning of Article 112(1) EPC. The same was true as regards the delimitation of the powers of the departments of the first and second instances.

VI. The appellant was invited by a communication of the Enlarged Board of Appeal dated 12 June 2003 to file observations on the questions referred to it within a time limit of three months. However, the appellant did not reply to the invitation.

Reasons for the decision

Admissibility of the referral

1. The final decision of the referring Board depends on the decision of the Enlarged Board of Appeal concerning the questions referred to it. The decision of the Enlarged Board of Appeal is required in order to ensure uniform application of the law within the meaning of Article 112(1) EPC. The questions also pertain to an important point of law within the meaning of this provision. The referral is thus admissible.

Power to refuse reimbursement of the appeal fee in the event of interlocutory revision

2. According to Article 109(1) EPC, in the interest of procedural expediency and economy, the department of the first instance which rendered the decision under appeal has to rectify its decision, ie to grant interlocutory revision, if it considers the appeal to be admissible and well-founded, and the appellant is not opposed by another party. In case of interlocutory revision and reimbursement of the appeal fee not being contentious, the appeal is not remitted to, and thus will not be pending before, a board of appeal, the decision under appeal having been set aside and the appeal allowed by the department of the first instance. By way of contrast, in accordance with Article 109(2) EPC, the department of the first instance has to remit the appeal to the board of appeal without delay, and without comment as to its merit, if the appeal is not allowed within three months after receipt of the statement setting out the grounds of appeal (Article 108 EPC, third sentence). It is thus characteristic of the procedural institution of interlocutory revision that the department of the first instance has the power to allow the appeal, but not the power to reject it as inadmissible or to dismiss it. This constitutes an exception to the rule that the legal power to allow something normally also implies the power not to allow it. From all this it follows that the appellant is not supposed to be adversely affected by the decision of the department of the first instance to grant interlocutory revision in conformity with Article 109(1) EPC.

3. Rule 67 EPC provides that, in the event of interlocutory revision, reimbursement of the appeal fee shall be ordered by the department of the first instance whose decision has been impugned, "if such reimbursement is

equitable by reason of a substantial procedural violation". From the wording of this provision it follows that the department of the first instance has to examine whether the requirements for reimbursement of the appeal fee are met, regardless of whether or not the appellant has actually submitted such a request. If the department of the first instance comes to the conclusion that these requirements are not met, it cannot order reimbursement of the appeal fee. In the absence of a request for reimbursement of the appeal fee, the decision of the department of the first instance granting interlocutory revision pursuant to Article 109(1) EPC will make no mention of the issue of reimbursement of the appeal fee, and the appellant will not be adversely affected by the decision. If, however, such a request has been submitted, the question will arise whether, in view of Article 109 EPC excluding a decision on the appeal by which the appellant would be adversely affected (cf. point 2 above), the department of the first instance is competent under Rule 67 EPC to render a decision refusing the request for reimbursement of the appeal fee, given the fact that the appellant would be adversely affected by such a decision.

3.1 As regards the competence to refuse such a request, Rule 67 EPC remains completely silent. It follows that, from a literal interpretation of this provision, it cannot be inferred unequivocally whether or not, in the event of interlocutory revision, the department of the first instance has the power to refuse a request for reimbursement of the appeal fee.

3.2 From the preparatory documents to the EPC it can clearly be derived that, in the event of interlocutory revision or where the board of appeal deems the appeal to be allowable, it was the legislative intent to allow reimbursement of the appeal fee only in exceptional cases. As a matter of fact, a proposal by a delegation attending the Munich Diplomatic Conference in 1973, to the effect that, in the event of interlocutory revision, the appeal fee should always be reimbursed, was not supported by any other delegation present at that conference (cf. Minutes of the Munich Diplomatic Conference, Minutes of Main Committee I, document M/PR/I, points 2317 and 2318). The possibility of refusing a request for reimbursement of the appeal fee is thus unambiguously supported by the preparatory documents. However, no mention is made in these documents of who should be competent to decide on a request for reimbursement of the appeal fee if, in the event of interlocutory revision, the department of the first instance considers that the requirements for such a reimbursement, as laid down in Rule 67 EPC, are not fulfilled.

3.3 Pursuant to Article 109(1) EPC, interlocutory revision presupposes that the department of the first instance whose decision is contested considers the appeal to be admissible and well-founded. From Rule 67 EPC it can be inferred that, in the event of interlocutory revision, a request of the appellant for reimbursement of the appeal fee is to be allowed only where such reimbursement is considered to be equitable by reason of a substantial procedural violation. Therefore, the grant of interlocutory revision constitutes a necessary, but not sufficient, prerequisite for the department of the first instance to allow such a request under Rule 67 EPC. It follows that granting interlocutory revision and deciding on a request of the appellant for reimbursement of the appeal fee represent different issues which have to be treated separately even though the latter is conditional upon the former.

3.4 If the department of the first instance considers that the requirements for the grant of interlocutory revision are fulfilled, but that the request of the appellant for reimbursement of the appeal fee is not allowable, three procedural consequences or options are in principle conceivable: (a) remittal of the appeal and the request to a board of appeal, (b) grant of interlocutory revision and decision of the department of the first instance refusing the request, or (c) grant of interlocutory revision and remittal of the request to a board of appeal.

3.4.1 As regards option (a), it is to be borne in mind that the object and purpose of interlocutory revision under Article 109(1) EPC consist in the fact that, in the interest of procedural expediency, clear and straightforward cases do not need to be remitted to the boards of appeal, it being preferable for the department of the first instance whose decision is contested to rectify the decision, if it is immediately apparent to that department that its decision cannot stand. Furthermore, Article 109(1) EPC clearly provides that the department of the first instance whose decision is contested shall, i.e. must, rectify its decision, if it considers the appeal to be admissible and well-founded. From all this it follows that, in case the requirements for the grant of interlocutory revision are considered to be fulfilled by the department of the first instance, remittal of the appeal to a board of appeal would contravene Article 109 (1) EPC and would also be contrary to the object and purpose of interlocutory revision.

3.4.2 Under option (b), the department of the first instance whose decision is contested renders a further decision. The question thus arises whether an appeal lies from that decision in accordance with Article 106(1) EPC. The subject of that decision is whether reimbursement of the appeal fee is equitable by reason of a substantial procedural violation in the proceedings before the department of the first instance as alleged by the appellant, with the assessment of the alleged substantial procedural violation being the central issue. Such a decision cannot be equated with a decision fixing the amount of costs of opposition proceedings pursuant to Article 106(5) EPC, nor can its sole subject be compared to the apportionment of costs of opposition proceedings which, according to Article 106(4) EPC, cannot be the sole subject of an appeal. Furthermore, unlike the situation prevailing in the absence of a formal request for reimbursement of the appeal fee, the appellant would be

adversely affected after the grant of interlocutory revision. To deny the appellant the right to lodge an appeal against the decision refusing the request for reimbursement of the appeal fee, mentioned as a possible legal consequence in the referring decision (cf. point 3.4 of the Reasons of the referring decision and paragraph V(v) above), would contravene Articles 106(1) and 107 EPC and would also be tantamount to a denial of justice. Consequently, pursuant to Article 106(1) EPC, an appeal would lie from the decision of the department of the first instance refusing reimbursement of the appeal fee. However, in order to obtain reimbursement of the appeal fee, the appellant would have to file a further appeal and to pay a further appeal fee. But even if the board of appeal then at the best considered the further appeal to be well-founded, only one of the two appeal fees paid by the appellant would be refunded. This signifies that, in practice, the appellant would be prevented from seeking legal redress against the decision of the department of the first instance. Such an outcome could by no means be regarded as equitable.

3.4.3 From the preceding considerations it ensues that, in the legal situation referred to under point 3.4 above, option (c), ie granting interlocutory revision under Article 109(1) EPC and remitting the request of the appellant for reimbursement of the appeal fee to a board of appeal, constitutes the only procedural option which can be considered to be equitable and, therefore, at all adequate.

3.5 To sum up, it is to be concluded that the department of the first instance granting interlocutory revision is not competent under Rule 67 EPC to render a decision refusing the request of the appellant for reimbursement of the appeal fee. Rather, the department has to remit the request to the boards of appeal. Since granting interlocutory revision and deciding on the request are different issues which can be treated separately (cf. point 3.3 above), they can also be dealt with by different deciding bodies without detriment to the appellant and without being significantly prejudicial, if at all, to procedural expediency and economy.

Composition of the competent Board of Appeal

4. If an appeal is remitted under Article 109(2) EPC, the competent board of appeal and its composition will be determined in accordance with Article 21 EPC. According to the allocation of competences as laid down in Article 21(2), (3) and (4) EPC it follows that, with a view to examining the substantive issues of the appeal and exercising its powers under Article 111(1) EPC, the competent board and its composition are basically determined as a function of two criteria: the composition of the department of the first instance whose decision is contested and the subject of that decision. If the appeal is subsequently withdrawn but the appellant has requested reimbursement of the appeal fee under Rule 67 EPC, the same board, in the exercise of its inherent original jurisdiction to consider requests made to it in matters arising out of, or in connection with, the former appeal, remains competent and will render a decision solely on the request representing an ancillary issue of the former appeal (cf. decision T 41/82, OJ EPO 1982, 256). Hence it follows that, in this particular factual and legal situation, the application of Article 21 EPC derives its legitimacy from the former appeal.

5. Likewise, if the department of the first instance rectifies its decision under Article 109(1) EPC and subsequently remits the request of the appellant for reimbursement of the appeal fee for reasons of equity to a board of appeal (cf. point 3.4.3 above), the board will render a decision solely on that request, the substantive issues of the appeal having already been dealt with by way of interlocutory revision. Since the request is ancillary to the former appeal, its remittal implies in the judgement of the Enlarged Board of Appeal that the board which would have been competent under Article 21 EPC to deal with the substantive issues of the appeal if no interlocutory revision had been granted is competent to decide on the request. The remaining matter in dispute is the same as in the case where the appeal is withdrawn. Therefore, the application of Article 21 EPC derives its legitimacy from the former appeal, as in the factual and legal situation referred to under point 4 above.

Order

For these reasons, it is decided that:

The questions referred to the Enlarged Board of Appeal are answered as follows:

1. In the event of interlocutory revision under Article 109(1) EPC, the department of the first instance whose decision has been appealed is not competent to refuse a request of the appellant for reimbursement of the appeal fee.
2. The board of appeal which would have been competent under Article 21 EPC to deal with the substantive issues of the appeal if no interlocutory revision had been granted is competent to decide on the request.