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**Datasheet for the decision
of 25 July 2007**

Case Number: J 0001/07 - 3.1.01

Application Number: 98921000.0

Publication Number: 0981509

IPC: C07C 45/49

Language of the proceedings: EN

Title of invention:

Superacid catalyzed formylation-rearrangement of saturated hydrocarbons

Applicant:

OLAH, George, A.

Opponent:

-

Headword:

Re-establishment

Relevant legal provisions:

EPC Art. 86(2), 122

Keyword:

"Re-establishment of rights for paying the renewal fee (no)"

Decisions cited:

J 0005/80, J 0002/86, J 0003/86, J 0009/86, J 0027/90,
J 0023/92, J 0016/93, J 0005/94, J 0018/98, J 0019/04,
J 0011/06, T 0287/84, T 0112/89, T 0667/92, T 0381/93,
T 1561/05, T 0439/06

Catchword:

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Case Number: J 0001/07 - 3.1.01

D E C I S I O N
of the Legal Board of Appeal 3.1.01
of 25 July 2007

Appellant: OLAH, George, A.
2252 Gloaming Way
Beverly Hills, CA 90210 (US)

Representative: Horner, Martin Grenville
Marks & Clerk Scotland
19 Royal Exchange Square
Glasgow G1 3AE
Scotland (GB)

Decision under appeal: Decision of the Examining Division of the
European Patent Office of 10 July 2006

Composition of the Board:

Chairman: B. Günzel
Members: I. Beckedorf
T. Bokor

Summary of Facts and Submissions

- I. The appellant contests the decision of the Examining Division dated 10 July 2006 refusing his request for re-establishment of rights concerning the Euro-PCT application No. EP 98921000.0.
- II. That application was filed as PTC/US 98/09264 with the US Patent and Trademark Office on 6 May 1998. The appellant was represented by an US attorney, who was until 31 December 2003 associated with the US law firm Pennie & Edmonds LLP and after that date with the US based law firm of Jones Day (hereinafter: "JD"). The US attorney handled three other Euro-PCT applications on behalf of the appellant (applications EP 98920310.4, EP 98920309.6 and EP 02731808.8) that were the subject of similar requests for re-establishment of rights and, after having been rejected by the Examining Division, two of them are the subject of similar appeals (EP 98920309.6 = J 2/07, and EP 02731808.8 = J 3/07).
- III. The appellant's European representative of Cruikshank & Fairweather - later re-branded as Marks & Clerk (hereinafter: "M&C") - requested entry into the regional phase before the EPO on 9 November 1999. In the regional phase, the seventh renewal fee was due on 31 May 2004, but not paid. On 5 July 2004, the Examining Division issued a communication stating the facts concerning the due date for the renewal fee and drawing attention to Article 86(2) EPC, Article 2 No. 5 of the Rules relating to Fees. On 7 January 2005, the Examining Division issued a communication under Rule 69(1) EPC noting that the application was deemed to be withdrawn under Article 86(3) EPC. Both

communications were sent to and received by the appellant's European representative.

- IV. By letter dated 1 March 2005, followed by two subsequent letters, the appellant requested re-establishment into the time limit for paying the renewal fee i.a. of the above-mentioned application. The seventh renewal, the additional fee and the fee for re-establishment were paid.

The appellant put forward in essence the following arguments:

Upon receiving a notice sent to him by JD on 2 February 2004 concerning the due date for the seventh renewal fee, he mistakenly instructed JD not to pay this fee for he would pay it himself. This instruction was caused by a human error that had occurred for the first time due to pressure incurred as a result of surgery he was undergoing at that time. He was not aware that the fee would not be handled by his US attorney in the usual way. JD took no action because it believed that the appellant would pay the fees. M&C passed the EPO communication dated 5 July 2004 (and other communications concerning three other applications) to JD in several letters dated 26 and 30 August 2004. The letters were sent by fax with a confirmation copy sent in the post indicating that the application would become abandoned if the fee was not paid, but that the fee could still be paid within a six-month grace period along with a surcharge fee. Regarding the receipt of these letters at JD, there is no record that these reminders from M&C had been received. Had such reminders been received it would have been standard

practice to instruct the foreign associate to contact the client directly, or to send reminder letters directly to the client. In the event that the reminder letters had been received, it was an isolated procedural mistake that these were not acted upon.

V. In the impugned decision, the Examining Division refused the request for restitutio in integrum. It was held that although all due care had been exercised by both M&C and the appellant himself, whose mistake was to be considered as excusable, JD was still responsible for monitoring the payment of the fee it assumed was to be attended to by the appellant. The system for monitoring the payments of fees at JD was neither effective nor credible as, by closing their records if the client was to pay the fee, it was impossible for the attorneys to monitor the payment of fees. Apart from that, the issue concerning the receipt or lack of receipt of the reminders sent by M&C had not been sufficiently explained. On the contrary, in this respect the declarations given by the US attorney were contradictory. The inexplicable loss of two faxes and two confirmation letters could not be due to a mere accident.

VI. An appeal was filed and the appeal fee was paid on 7 September 2006, followed on 9 November 2006 by a written statement setting out the grounds of appeal. The appellant essentially reiterated his earlier submissions emphasizing that the law offices involved had established a properly functioning system for handling annuity matters during their long lasting working relationship.

VII. On 3 April 2007, the appellant was summoned to oral proceedings. In the annexe to the summons, the Board expressed its preliminary opinion drawing the appellant's attention to the aspect that, regardless of his primary responsibility for the payment of the renewal fee, both his US attorney and his European representative might have borne a secondary responsibility to advise him properly upon the uncontested receipt of the Examining Division's communication dated 5 July 2004.

VIII. In a written reply to this communication and at the oral proceedings before the Board on 25 July 2007, which were conducted with the appellant's consent in consolidated form under Article 9(2) RPBA with appeal cases J 2/07 and J 3/07, the appellant stated that there had been a number of errors in the initial submissions and now submitted that the M&C office's normal procedure when receiving a notice according to Article 86(2) EPC was as follows:

- a. to diarise the final deadline for payment of the renewal fee with extension,
- b. to send a letter to the instructing party advising of the EPO communication and the final deadline (by fax and confirmed by mail),
- c. to generate a memo that is placed on the front of the file, and brought to the attorney's attention, and
- d. for the formalities department to check the status of the case, and if necessary, remind the attorney within one month prior to the final extended deadline.

The appellant admitted that, although the incoming EPO communication dated 5 July 2004 had been registered in the office's mail log on 12 July 2004, the "normal procedure" was not acted upon in the case under appeal, and, therefore, that JD was not informed of the EPO communication.

The appellant's further submissions can be summarized as follows:

The M&C formalities clerk in charge at the relevant time had seven years of experience and had been trained and supervised by an experienced supervisory clerk. The supervision, however, failed to work. After similar events in various other cases had been discovered, the crosschecking system was changed and the formalities clerk responsible was transferred to a different office department. The attorneys at M&C might check the computerized diary kept by the formalities department but neither needed to do so nor needed to keep a diary on their own.

Viewing the errors that happened in this case and in other cases, in particular those that are the subject of the appeal proceedings J 2/07 and J 3/07, mentioned above, the appellant considered each error that had occurred in the various cases an isolated error.

IX. The appellant requested

that the decision under appeal be set aside and that the request for reinstatement into the time limit for payment of the renewal fees (Article 86(2) EPC) be allowed.

As an auxiliary request,

the "Auxiliary Request" filed during the oral proceedings was submitted.

In the "Auxiliary Request", the appellant requested the opportunity, prior to the Board's final decision, to demonstrate that M&C had in place at the relevant time a satisfactory and well-functioning system by being allowed to file further evidence concerning six issues. Concerning the specific content of the "auxiliary request" reference is made to the annexe to the minutes of the oral proceedings.

Reasons for the Decision

1. The appeal complies with Articles 106 to 108 EPC and Rule 64 EPC and is admissible.
2. The appellant requests re-establishment into the time limit for payment of the seventh renewal fee with surcharge under Article 86(2) EPC concerning the Euro-PCT application No. EP 98921000.0.
3. *Admissibility of the application for re-establishment of rights*
 - 3.1 In accordance with Article 122(2) EPC, the application must be filed within two months from the removal of the cause of non-compliance with the time limit, i.e. normally, from the date on which the person responsible for the application becomes aware of the fact that a

time limit has not been observed (cf. J 27/90 OJ EPO 1993, 422, 426), and within one year following the expiry of the unobserved time limit.

- 3.2 In the present case where the appellant essentially submits that neither he nor his US attorney or his European representative recognized the failure to pay the seventh renewal fee, this date is the date on which the European representative received the communication pursuant to Rule 69(1) EPC dated 7 January 2005.

The two-month period of Article 122(2) EPC ended any day after 7 March 2005, corresponding to the exact day of the uncontested delivery of the communication at the M&C office. The application for re-establishment was received at the EPO on 2 March 2005, i.e. well before the end of the two-month period under Article 122(2) EPC.

It was also filed within the period under Article 122(2), third and fourth sentence, EPC.

- 3.3 The necessary acts required under Article 122(2) and (3) EPC, i.e. payment of the seventh renewal fee with surcharge, payment of the fee for re-establishment and the submission of a statement of grounds for the application, were also performed on that date. The statement of further facts by the appellant in his subsequent letters are to be considered as mere amplification of his first statement of grounds completing his original submissions, which had been filed in due time (cf. J 5/94 of 28 September 1994, point 2.3 of the Reasons; J 18/98 of 16 January 2004, point 3 of the Reasons).

3.4 The appellant's request for restitutio in integrum is therefore admissible.

4. *Allowability of the application for re-establishment of rights*

4.1 Under Article 122(1) EPC, an applicant for a European patent, who in spite of all due care having been taken, was unable to observe a time limit vis-à-vis the European Patent Office which has the direct consequence of causing a loss of a right, shall, upon application, have his rights re-established.

In considering whether "all due care required by the circumstances" has been taken, the word "all" is important and, for the purposes of Article 122(1) EPC, the circumstances of each case must be considered as a whole (cf. T 287/84 OJ EPO 1985, 333, 338). The requirement of "due care" must be judged in view of the situation existing before the time limit expired. This means that the measures taken by the party to meet the time limit must only be judged with regard to the circumstances as they were at that time (cf. T 667/92 of 10 March 1994, point 3 of the Reasons; T 381/93 of 12 August 1994, point 3 of the Reasons).

The request for restitutio in integrum of an applicant with a professional representative acting on his behalf is only allowable if both the applicant himself and his representative have met the necessary standard of care. Regarding the due care required by Article 122(1) EPC, the obligations of the applicant and those of his representative are clearly distinct and the due care to

be exercised by the representative may depend on the relationship which exists between him and his client (cf. T 112/89 of 4 October 1990, point 3 of the Reasons; J 19/04 of 14 July 2005, point 9 of the Reasons).

- 4.2 Regarding the appellant's - main - responsibility to pay the seventh renewal fee for his Euro/PCT-application when it was due (31 May 2004), the appellant has shown that he was unable to observe the time limit in spite of all the due care required by the circumstances having been taken.

In defining the relevant standard of care, it has to be taken into consideration that the appellant himself was neither familiar with the requirements of the EPC nor in possession of an established office organisation attuned to ensuring that procedural deadlines were met (cf. J 5/94 of 28 September 1994, point 3.1 of the Reasons).

To compensate for this deficit, the appellant relied upon his US attorneys. JD had notified him properly about the fees due. However, according to his submission, on returning the notice to JD he mistakenly instructed JD not to pay the fee, as he would do it himself, whereas he wanted - and believed he had acted accordingly - JD to take care of the payment.

Although the appellant has not produced any evidence with regard to the distraction and pain he suffered from medical treatment at the relevant time, it can be concluded to the Board's satisfaction, that the error

on the appellant's side was an isolated error and that all due care had been exercised by the appellant.

- 4.3 However, it can even be left undecided whether the appellant acted with all due care. Since the appellant had JD and M&C acting for him, he has to accept their actions on his behalf, including the actions of his attorneys' assistants and employees (cf. J 5/80 OJ EPO 1981, 343, 346).

If an applicant is represented by a professional representative, a request for restitutio in integrum cannot be acceded to unless the representative himself can show that he has taken the due care required of an applicant or proprietor by Article 122(1) EPC (cf. J 5/80 - above - Headnote I). If the representative has entrusted to an assistant the performance of routine tasks such as typing dictated documents, posting letters and parcels and noting time limits, the same strict standards of care are not expected of the assistant as are expected of the applicant or his representative (cf. J 5/80 - above - Headnote II). A culpable error on the part of the assistant made in the course of carrying out routine tasks is not to be imputed to the representative if the latter has shown that he exercised the necessary due care in dealing with his assistant. In this respect, it is incumbent upon the representative to choose for the work a suitable person, properly instructed in the tasks to be performed, and to exercise reasonable supervision over the work (cf. J 5/80 - above - Headnote III).

- 4.4 The appellant's European representative, whose authorization is silent concerning the payment of

renewal fees and who has not received any funds for this purpose, was not expected to pay the fee by advancing money on behalf of the appellant out of his own pocket (cf. J 16/93 of 20 June 1995, point 4.3.3 of the Reasons; J 19/04 of 14 July 2005, point 10 of the Reasons). M&C - and JD likewise -, nonetheless, remained with a secondary responsibility to advise the appellant properly if either the appellant addressed them or if they became aware of any problem that might affect the appellant's position in respect of the legal status of the patent application and, in particular, the payment of the renewal fee.

As appointed attorneys and representatives, JD and M&C had the duty to protect the interest of their client. In accordance with the established jurisprudence of the Legal Board of Appeal following decision J 27/90 (OJ EPO 1993, 422), even if renewal fees are paid by someone else (i.e. the US patent attorney, an annuity service or even the applicant himself), the appointed professional representative remains responsible in the procedure before the EPO and he has to take the necessary steps to ensure payment, if intended. This includes a reliable monitoring system, reminders to the applicant, etc. (cf. J 11/06 of 18 April 2007, point 8 of the Reasons).

Applying this principle to the current case, it is crucial for the allowability of the application for restitutio in integrum whether the appellant's representatives have duly tried to inquire the appellant's true intention, i.e. whether or not he wanted to abandon the patent application, rather than the question whether the representatives have done the

necessary to avoid the appellants incurring a loss of a right under Article 86(3) EPC (cf. J 19/04 of 14 July 2005, point 10 of the Reasons).

In this context, the Board notes that the fact that neither JD nor M&C were positively authorized to execute the renewal fee payments does not constitute an excuse for failing to act on the EPO communication dated 5 July 2004 dealing with the impending loss of rights. Since the appellant clearly stated in his letter to JD that he had no intention of abandoning the patent application by not ticking the option "No - abandon" in the letter dated 2 February 2004, the EPO communication dated 5 July 2004 should have prompted M&C and JD to take action with their client.

- 4.5 It is, therefore, decisive whether the appellant's European representative at M&C and his US attorney at JD had arranged a proper system to inform the appellant of the risk to his application and advise him accordingly.

Article 122 EPC is intended to ensure that in appropriate cases the loss of substantive rights does not result from an isolated procedural mistake within a normally satisfactory system (cf. J 2/86, J 3/86 [consolidated] OJ EPO 1987, 362, 368; J 23/92 of 17 December 1993, point 3 of the Reasons).

- 4.6 The relevant EPO communication was undoubtedly received by M&C. It, therefore, has to be analyzed whether the failure to notify the appellant of the EPO communication dated 5 July 2004 was due to an isolated mistake that occurred, although both M&C and JD had

respected all the due care required by the circumstances.

What "all due care" calls for depends on the specific circumstances of the case. In this respect, not only the individual circumstances of the person concerned have to be taken into consideration, but also the kind of time limit that needs to be observed and the legal consequences of missing it. The time limits for paying the renewal fee and the additional fee under Article 86(2) EPC are absolutely critical, since if they are missed the patent application is deemed to be withdrawn and there is no easily accessible remedy like further processing. Thus, they need specific attention.

4.7 In his reply to the Board's communication dated 3 April 2007 and in his statements during the oral proceedings on 25 July 2007, the appellant submitted that M&C established a multi-stage procedure when receiving a notice according to Article 86(2) EPC. This "normal procedure" comprised the following acts:

- a. to diarise the final deadline for payment of the renewal fee with extension,
- b. to send a letter to the instructing party advising of the EPO communication and the final deadline (by fax and confirmed by mail),
- c. to generate a memo that is placed on the front of the file, and brought to the attorney's attention, and
- d. for the formalities department to check the status of the case, and if necessary, remind the attorney within one month prior to the final extended deadline.

However, the appellant admitted that in the present case the "normal procedure" had not been observed at all, and that the EPO communication had gone astray in the office with no deadline for the payment of the renewal fee with extension being diarised, and neither the European representative responsible for the case at M&C nor the appellant's US attorney at JD being informed of the EPO communication and the final deadline.

According to the appellant, this was caused by an isolated error because the experienced clerk in charge at the formalities department at M&C had been properly trained and supervised by another experienced office clerk. However, the supervision in place somehow failed to work.

- 4.8 On the basis of these submissions, it is crucial whether M&C had arranged for a proper monitoring and crosschecking system to safeguard the proper handling of incoming EPO communications under Article 86(2) EPC and patent applications against unconscious abandonment.

The question whether a particular system used in a particular office to ensure that acts such as the payment of fees are completed in due time satisfies the requirement of "all due care" in Article 122 EPC must depend upon the individual circumstances of each case. In a large firm where a large number of dates have to be monitored at any given time, it is normally to be expected that at least one effective crosscheck is built into the system. For a crosscheck to be effective, it is clearly essential that if the

crosscheck shows in a particular case an inconsistency between the data being checked and the data which is being used to crosscheck, an investigation must then be carried out to ascertain which data is correct (cf. J 9/86 of 17 March 1987, point 9 of the Reasons).

The appellant admitted that there had been multiple failures in the application of the office's "normal procedure" concerning different stages of processing the incoming EPO communication dated 5 July 2004 without giving the slightest clue what might have caused the complete breakdown of the "normal procedure".

Furthermore, even in cases where a representative may be entitled to delegate to assistants the recording and monitoring of due dates, once a file passed into the representative's domain because it was forwarded to him for further prosecution, he could no longer assume that his assistants had reliably completed all the duties delegated to them. His professional prudence demanded, moreover, that he not only carried out random checks of the diaries, but also verified the calculation of time limits once the file was handed over to him. This belonged to his own duty of care that could not be delegated (cf. T 1561/05 of 17 October 2006, points 2.2.1 and 2.2.2 of the Reasons; T 439/06 of 31 January 2007, point 10 of the Reasons).

In the present case, the appellant confirmed at the oral proceedings that the attorneys at M&C had not established an individual crosschecking concerning the files under their responsibility that might have

enabled the appellant's European representative to verify the time limit.

The crosschecking system in place at M&C at the relevant time, therefore, was fragmentary leaving the disclosure of potential malfunctions to chance. Thus, it was anything but effective.

For these reasons alone and bearing in mind, that there had been similar events of non-compliance with the office's "normal procedure" concerning the patent applications which are the subject of the appeal proceedings J 2/07 and J 3/07, and, as the appellant admitted during the oral proceedings, in other cases as well, the Board finds itself unable to conclude that only an isolated mistake happened in a normally satisfactory system. The fact that a multitude of mistakes happened in respect of various cases indicates that the "normal procedure" was anything but "normally" observed and excludes by itself the assumption of an isolated mistake.

The failure to provide a reliable system for registering and directing to the responsible attorney incoming reminders of the due payment of fees for a pending patent application is by itself incompatible with acknowledging the presence of a normally satisfactory system and the exercise of all due care within the meaning of Article 122(1) EPC.

- 4.9 As the Board is not convinced that the appellant's European representative had a system in place in 2004 that normally functioned well, there is no need to look in detail at the events at JD.

5. The appellant's "auxiliary request" does not constitute a request to be allowed to make further submissions and to present further evidence for facts that have already been substantiated. In its substance, it is rather directed to allowing the appellant to substantiate additional yet undefined facts and then furnish possible evidence therefor.

The request was late filed in view of the stage of the proceedings reached. In its communication accompanying the summons to oral proceedings dated 3 April 2007, the Board stated that it is decisive whether the appellant's European representative at M&C and his US attorney at JD had arranged a proper system to inform the appellants of the risks to their application and advise him accordingly. The appellant was invited to file a response to the Board's preliminary remarks within a time limit set and were notified that the admission of facts and evidence would be subject to the provisions of Article 114(2) EPC and Articles 10a and 10b RPBA. Nevertheless, the vague "auxiliary request" was filed only towards the end of the oral proceedings.

In this situation, allowing the "auxiliary request" would have led to an adjournment of the oral proceedings and, as such, contravened Article 10 b(3) RPBA.

For these reasons, the "auxiliary request" is not allowable.

6. Since the appellant has not convincingly shown that his European representative has taken all the due care

required by the circumstances the appeal has to be dismissed.

Order

For these reasons it is decided that:

The appeal is dismissed.

The Registrar

The Chairman

S. Fabiani

B. Günzel