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**Datasheet for the decision
of 12 July 2011**

Case Number: J 0023/10 - 3.1.01

Application Number: 04795905.1

Publication Number: 1792481

IPC: H04N 7/173

Language of the proceedings: EN

Title of invention:

Video recording conflict management and user interface

Applicant:

Microsoft Corporation

Opponent:

-

Headword:

Video recording conflict management/MICROSOFT

Relevant legal provisions:

EPC Art. 122(1)

EPC R. 136, 144(d)

Revision Act Art 7.

Decision of the Administrative Council on the transitional provisions under Art. 7 of the Revision Act, Art. 1 No. 5

Relevant legal provisions (EPC 1973):

EPC Art. 86(2)(3)

EPC R. 69(1)

Keyword:

"Re-establishment of rights"

"All due care (no)"

"Good faith (no)"

"Exclusion from file inspection (yes)"

Decisions cited:

G 0002/97, J 0009/07

Catchword:

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Case Number: J 0023/10 - 3.1.01

D E C I S I O N
of the Legal Board of Appeal 3.1.01
of 12 July 2011

Appellant: Microsoft Corporation
One Microsoft Way
Redmond
WA 98052 (US)

Representative: Grünecker, Kinkeldey
Stockmair & Schwanhäusser
Anwaltssozietät
Leopoldstrasse 4
D-80802 München (DE)

Decision under appeal: Decision of the Receiving Section of the
European Patent Office of 22 April 2010.

Composition of the Board:

Chairwoman: B. Günzel
Members: P. Schmitz
J. Geschwind

Summary of Facts and Submissions

- I. Euro-PCT application 04795905.1 was filed as international application PCT/US2004/034805 on 19 October 2004 on behalf of Microsoft Corporation (US). It claimed a priority of 13 August 2004. The application entered the European phase before the European Patent Office on 20 June 2005. On this date the filing fee, search fee, designation fees, examination fee and claims fees were paid and a professional representative was appointed.
- II. The renewal fee for the third year which fell due on 13 March 2007 was not paid. On 17 April 2007, a notice drawing attention to Article 86(2) EPC 1973 was sent to the applicant itself. On 26 October 2007, a communication under Rule 69(1) EPC 1973 was issued informing the applicant that the application was deemed to be withdrawn under Article 86(3) EPC 1973. This communication was received by the applicant's representative on 29 October 2007.
- III. On 27 December 2007, an application for re-establishment of rights was filed. On the same day the fee for re-establishment as well as the renewal fee for the third year together with the additional fee were paid. The applicant's representative submitted that the notice dated 17 April 2007 had been received by Ms Rydberg, an employee of the applicant, who had written back to the EPO asking for substantiation of the annuity due date. Since she had not received any reply, she had assumed everything was in order and no further action was needed. The applicant had planned to pay the renewal fees via CPA. CPA got monthly lists of

- hundreds of cases. However, the present case was not included in these lists. The applicant was encountering severe problems with the interface between its internal software and CPA.
- IV. In two communications the Receiving Section informed the applicant that no details about the applicant's normal docketing and monitoring system had been provided and that the applicant and its representative remained responsible for the application even if a renewal-fee agency was used.
- V. In reply to the second communication, an affidavit from Ms Rydberg was filed in which she explained that prior to April 2006 the applicant's patent data were electronically exchanged with CPA and automatically entered onto CPA's records. Owing to a change in the applicant's software system, after April 2006 the patent data were sent by herself and manually entered by CPA in their records. She could not say why she had not informed CPA. She could simply guess that she had overlooked this particular number when preparing the relevant lists. Furthermore, since she was puzzled by the exact meaning of the communication dated 17 April 2007, she had written back to the EPO for clarification. As she had not received an answer, she had understood that the communication had been sent to her firm by accident and did not need to be acted upon.
- VI. By a decision dated 22 April 2010, the Receiving Section refused the request for re-establishment of rights because it had not been shown that there was a well-functioning monitoring system in place and sending

- the renewal-fee reminder was a courtesy service on which the applicant could not rely.
- VII. Notice of appeal was filed on 2 July 2010 and the appeal fee was paid on the same day. In the statement setting out the grounds of appeal, received on 2 September 2010, the appellant mainly repeated the facts and arguments already submitted before the first instance.
- VIII. In an annex to the summons to oral proceedings, the Board gave its preliminary opinion explaining that it had not been demonstrated that the applicant's monitoring system was satisfactory. Moreover, after having received the notice dated 17 April 2007, Ms Rydberg could not reasonably assume that everything was in good order if no reply was received from the EPO to her enquiry. By letter dated 10 June 2011, the appellant filed a reply and gave further details about the monitoring system. In addition, an example of a spreadsheet that Ms Rydberg would have sent to CPA at the time in question was submitted. At the same time, it was requested that this list be excluded from file inspection.
- IX. On 12 July 2011, oral proceedings took place, in which for the first time the following facts were submitted, but without further corroborating evidence:
- X. When an application entered the regional phase, the date of entry was coded in the applicant's internal database (called X) as the national phase filing date ("NP filing date"). The coding of this date created the "Instruct Renewal Task" command. Based on this command,

the Law Engine, which was part of X's patent management software, calculated the due date for the renewal fee. Once a month, Ms Rydberg ran a report from the database which generated a spreadsheet which showed the applications for which renewal fees were about to fall due. In the present case, for unknown reasons, the "NP filing date" had not been coded and therefore no due date had been calculated for the renewal fee. Accordingly, this application had not been on the spreadsheet created by Ms Rydberg. It would have been Ms Rydberg's task to check whether the European patent application was on this list, based on the data of the parent application (i.e. the international application from which it was derived). However, she had overlooked this, as she had explained in her affidavit.

XI. In addition, the appellant's representative submitted that when Ms Rydberg received the notice from the EPO dated 17 April 2007, she acted properly by enquiring with the EPO. Nothing more could be expected from her. When Ms Rydberg received this communication she realised that there were two mistakes. She should not have received this communication and the due date indicated was wrong. She assumed that this communication could not relate to the application in question. US applicants could not be expected to have a system in place in case the EPO wrongly sends communications to the applicant instead of the European representative.

XII. With respect to the request that the list of data in the spreadsheet filed with letter of 10 June 2011 be excluded from file inspection, the representative explained that it contained a large number of

applications which had been filed worldwide. Although, in principle, all these applications were published, it was a comprehensive list which would be cumbersome for competitors to search individually. Moreover, it contained internal data about assignments which were not reflected in the register. The applicant was a different company and it was Microsoft who paid the renewal fees because, internally, the applications had been assigned to them.

XIII. The appellant requested that the decision under appeal be set aside and that the appellant be re-established into the time limit for paying the renewal fee for the third year. The appellant also requested that the list of data filed with letter of 10 June 2011 be excluded from file inspection.

Reasons for the Decision

1. The appeal satisfies the requirements of Articles 106 to 108 and Rule 99 EPC and is therefore admissible.

Applicability of EPC 2000

2. On 13 December 2007, the EPC 2000 entered into force. According to the transitional provisions on the applicability of the EPC 2000, Article 122 EPC shall apply to European patent applications pending at the date of entry into force of the EPC 2000, in so far as the time limit for requesting re-establishment of rights has not yet expired (Article 1, No. 5 of the Decision of the Administrative Council of 28 June 2001 on the transitional provisions, in conjunction with

Article 7(1), sentence 2, of the Act revising the EPC of 29 November 2000). For further details about the transitional provisions concerning Article 122 EPC, reference is made to decision J 9/07 of 30 June 2008 (points 2 to 3 of the Reasons). In the present case, the cause of non-compliance was removed on 29 October 2007 when the European representative received the loss of rights communication. The two-month time limit for filing the request for re-establishment therefore expired on 2 January 2008 (Rules 131(4) and 134(1) EPC), i.e. after 13 December 2007. Accordingly, Article 122 together with Rule 136 EPC 2000 applies.

Admissibility of the request for re-establishment

3. The reasoned request for re-establishment was filed within two months of the removal of the cause of non-compliance, i.e. on 27 December 2007. On the same day the fee for re-establishment was paid and the omitted act was completed, because both the renewal fee for the third year and the additional fee were paid. The request was filed within one year of the unobserved time limit. Thus, the requirements of Rule 136(1) and (2) EPC are met and, therefore, the request for re-establishment of rights is admissible.

Allowability of the request for re-establishment

4. According to Article 122(1) EPC, an applicant can have his rights re-established only if he has sufficiently shown that in spite of all due care required by the circumstances having been taken, he was unable to observe the time limit. Under the established case law of the boards of appeal, an isolated mistake within a

normally satisfactory system is excusable. The applicant or his representative must plausibly show that a normally effective system for monitoring time limits prescribed by the EPC was established at the relevant time in the office in question (see references in "Case Law of the Boards of Appeal of the European Patent Office, 6th edition 2010", VI.E.7.3.3 a)).

5. In the present case, it has not been shown that the applicant had such a satisfactory system in place. Monitoring of renewal-fee payments was performed by the use of a computer system which contained a great amount of data. Based on the date of filing of an application, this system calculated the due dates for the renewal fees. Every month a report was run in this database and a spreadsheet was generated which listed all the applications for which renewal fees had to be paid within the near future. This list was sent to CPA which then paid the fees due. In the case of a PCT application, the system only calculated the due date for the renewal fee once the "NP-filing date" had been coded, which for unknown reasons had not been done in the present case. This mistake obviously went unnoticed, which seems to imply that the thirty-one month time limit for entering the regional phase before the EPO was not monitored. For a system to be satisfactory, it must include a reminder system for an upcoming time limit which has to be met. Since the coding for entry into the European phase had not been performed, the system should have sent a warning that action had to be taken. If such a mechanism had been in place it would have been realised that the only procedural act still outstanding was payment of the renewal fee.

Moreover, because no due date for the renewal fee had been calculated, the application did not get onto the list for CPA. At that stage, the next mistake happened. The representative explained during the oral proceedings that Ms Rydberg should have checked the list for completeness based on the data of the parent application (i.e. the PCT application). It seems that this was her essential task at this stage, because the report and the corresponding spreadsheet were generated by the software system. In her affidavit, Ms Rydberg stated that she guessed that she had overlooked this particular application number, which seems to imply that she had not performed her tasks properly. Summarising the above, the Board is of the view that the non-payment was caused not by an isolated mistake but by a series of mistakes which all went unnoticed, so that it cannot be said that the system in place was satisfactory.

6. Irrespective of the applicant's system, all due care was not taken, given that the applicant still had the possibility of paying the renewal fee within the additional period under Article 86(2) EPC 1973 after receipt of the EPO's notice of 17 April 2007 and it did not take the necessary action. By the notice of 17 April 2007, the applicant was clearly informed that the renewal fee had not been paid in due time and that it could still be paid within an additional period. When Ms Rydberg received this notice, all due care would have required checking the files in order to find out why it had not been paid. By doing so the mistake would have immediately become evident. Instead, Ms Rydberg wrote to the EPO, enquiring about the due date. The representative submitted that from a US

applicant who is not necessarily familiar with the European patent system no other reaction could be expected. It was not necessary to provide a procedure in case the EPO erroneously sent a communication directly to the applicant instead of to the European representative. In the Board's view, it is indeed not necessary to have a specific procedure for such a situation, but a reasonable reaction which could have been expected of anybody would have been to check the situation based on the applicant's own files. It cannot reasonably be assumed that, if no reply is received to an enquiry made with the EPO, everything is in order. This applies even more, if one is not familiar with the European patent system and if the applicant has the relevant information at hand to clarify the situation, either by checking its own records or by asking the appointed European representative. Simply believing, as was submitted by the representative, that the notice of 17 April 2007 did not concern the present application, and that no further action was required does not meet the requirement of all due care.

7. The applicant maintained that the confusion arose because the EPO had sent the notice dated 17 April 2007 to the applicant itself, instead of to the appointed European representative. If it had sent the notice to the representative, the mistake would not have happened. It also would not have happened if the EPO had replied to Ms Rydberg's enquiry. Therefore, the principle of good faith applied.

8. The principle of good faith implies that measures taken by the EPO should not violate the reasonable expectations of the parties to the proceedings. It is to be noted that the notice drawing attention to the additional period under Article 86(2) EPC 1973 is a voluntary service. Hence, the applicant cannot derive any claims if this communication is either not sent (see J 12/84, OJ EPO 1985, 108) or not sent to the correct addressee. The question remains whether based on the fact that the Office had not replied to Ms Rydberg's enquiry (at least not to herself) she could reasonably assume that everything was in good order and no further action was necessary. The protection of the legitimate expectations of users of the European patent system requires that the user must not suffer a disadvantage as a result of having relied on erroneous information received from the EPO or on a misleading communication (G 2/97 summarising the previous case law in point 4.1 of the Reasons, OJ EPO 1999, 123). In the present case, the Office did not give incorrect information but Ms Rydberg drew incorrect conclusions from the fact that the Office did not reply to her. Furthermore, from Ms Rydberg's enquiry it was not apparent that she was under the impression that the fee did not have to be paid at all, but only that she was puzzled about the due date. As set out above, Ms Rydberg, who was a patent prosecution paralegal, could easily have established the situation by looking into her own records or consulting the European representative. Therefore, the principle of good faith does not apply.

Exclusion from file inspection

9. According to Rule 144(d) EPC in conjunction with Article 1(2)(b) of the decision of the President concerning documents excluded from file inspection (Special edition 3/2007 OJ EPO, 125), documents or parts thereof can be excluded from file inspection if their inspection would be prejudicial to the legitimate personal or economic interest of natural or legal persons. The applicant's representative explained that from the spreadsheet printout it could be seen that Microsoft paid the renewal fees for certain applications for which they were not the registered applicant. These applications had been transferred to them but this had not been made public. It was still the assignor who was mentioned in the register. In the Board's view, this is information about internal relationships between the parties concerned, the publication of which could be prejudicial to their economic interests, while being irrelevant for the assessment of the patent application as such and therefore to be excluded from file inspection. Moreover, the content of the list did not play any role in the Board's decision.

Order

For these reasons it is decided that:

1. The list of data filed with appellant's letter of 10 June 2011 is excluded from file inspection.
2. The appeal is dismissed.

The Registrar:

The Chairwoman:

C. Eickhoff

B. Günzel