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**Datasheet for the decision  
of 5 December 2012**

**Case Number:** J 0003/12 - 3.1.01

**Application Number:** 05740967.4

**Publication Number:** 1759354

**IPC:** G06T 15/00

**Language of the proceedings:** EN

**Title of invention:**

Method and apparatus for navigating an image

**Applicant:**

Seadragon Software, Inc.

**Headword:**

Navigating an image/SEADRAGON

**Relevant legal provisions:**

EPC Art. 122(1)

EPC R. 136

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 for paying the renewal fee (no)"

"Satisfactory system (no)"

**Decisions cited:**

J 0013/07

**Catchword:**

-



Case Number: J 0003/12 - 3.1.01

**D E C I S I O N**  
of the Legal Board of Appeal 3.1.01  
of 5 December 2012

**Appellant:** Seadragon Software, Inc.  
(Applicant) 5447 Leary Avenue NW  
Seattle WA 98107 (US)

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

**Decision under appeal:** Decision of the Receiving Section of the  
European Patent Office posted 2 September 2011.

**Composition of the Board:**

**Chairman:** P. Schmitz  
**Members:** J. Geschwind  
C. Schmidt

## **Summary of Facts and Submissions**

- I. Euro-PCT application 05740967.4 was filed as international application PCT/US2005/008812 on 16 March 2005 on behalf of SAND CODEX, LLC(US) and was subsequently transferred to Seadragon Software, Inc.(US). It claimed two priorities of 17 March 2004. The application entered into the European phase before the European Patent Office on 11 September 2006.
  
- II. The renewal fee for the third year which fell due on 31 March 2007 was not paid. On 4 May 2007, a notice drawing attention to Article 86(2) EPC 1973 was sent to the appointed European representative. On 12 November 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a communication under Rule 69(1) EPC 1973 was issued informing the applicant that the application was deemed to be withdrawn under Article 86(3) EPC 1973.
  
- III. On 14 January 2008, a request 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 submitted that Microsoft Corporation had acquired the applicant company shortly before entering the regional phase before the EPO. It only became aware of the non-payment of the renewal fee by the communication of 12 November 2007. The European representative did not pay the renewal fee on entry into the European phase because at that time the fee had not yet become due and because, as a standing rule, any annuity fees on behalf of Microsoft were paid by CPA. It was difficult to establish what exactly prevented this application from being communicated in the proper way to CPA to secure timely payment for the

annuity fee for the third year. At least, part of the reason was due to severe problems with a third party software tool, called X, that was used for communicating new cases for annuity payment from Microsoft to CPA. Investigations had shown that the present case had never been included in any of the lists communicated to CPA for annuity payment. The EPO reminder of 4 May 2007 had been forwarded to the responsible US law firm which forwarded this letter to the in-house Microsoft patent team. It was difficult to trace what exactly prevented a detailed review of the case. It appeared that the annuity reminder was uploaded by the US law firm into X but the annuity reminder was, for unknown reasons, not brought to the attention of the responsible person for handling annuity payments, Ms Sharon Rydberg at Microsoft.

- IV. On 9 May 2008, the Receiving Section issued a communication informing the applicant that no details had been presented to show that a normally satisfactory system was in place and that all due care had been observed. By reply dated 17 July 2008, the applicant maintained that it had fully relied on the proper working of the internal data base X. It had only recently turned out that certain data in this system was incorrect. It was not possible to fully understand or know the reasons why. The applicant had to fully rely on the mentioned software tools, as the workload could not be managed otherwise. The applicant had built up a very large, worldwide patent portfolio in a very short period of time. Thus, from the beginning, the applicant relied on software tools to manage the workload which was overwhelming due to the high speed with which the portfolio increased worldwide. Once

software tools were used, one had to rely on its correct operation, otherwise there was no sense in introducing them.

- V. By decision dated 2 September 2011, the Receiving Section refused the request for re-establishment. The decision was mainly based on the fact that it had not been sufficiently demonstrated that there was a normally satisfactory system in place for paying the renewal fee.
- VI. On 8 November 2011, notice of appeal was filed and the appeal fee was paid on the same day. On 12 January 2012, the statement of grounds of appeal was received. The appellant submitted that the application had been entered into Microsoft's docketing system, X, which had been in place since April 2005. X was a professional and specialised IP management software specifically dedicated to manage and maintain IP property rights. For annuity payments the applicant used the services of CPA, one of the world's leading renewal outsourcing providers. Thus, by running a professional, dedicated IP docketing software, and by using the payment services of one of the leading renewal payment providers, the applicant had taken all due care to implement a reliable system. The standard procedure at that time was that the data in X had been used to instruct CPA to perform the necessary payment. In the present case, the data necessary for the case being included in the list supplied to CPA, was incorrect and therefore CPA was not instructed to perform the payment. It was not known which person of the group of in-house paralegals who had the task of entering the necessary data into X had made the mistake. However, since only a

small number of cases underwent such problems, it was apparent that this was an isolated mistake. When an applicant decided to rely on a software tool to handle a large number of property rights, it could not be expected that written reminders were still checked. Nevertheless, the applicant had implemented a safety process by having had the renewal fee reminder uploaded into X. However, the uploaded annuity reminder did not trigger the payment due to an isolated mistake of the responsible person Ms. Rydberg. It had been Ms Rydberg's task to review uploaded official annuity reminders to ensure that no property right got abandoned unintentionally. For reasons unknown, Ms Rydberg did not become aware of the uploaded annuity reminder and consequently did not deal with it in the correct manner.

- VII. In a communication dated 7 May 2012, the Board expressed its provisional opinion that it had not been shown that the procedure in place for entering and cross checking the relevant data in X was satisfactory and that with respect to the renewal fee reminder, no concrete circumstances had been given why this should constitute an isolated mistake.
- VIII. In reply, the appellant submitted that explaining the very details of personal responsibilities and all the individual circumstances was just one way to show that there was a normally effective system. However, if it was possible to prove the existence of such a system in another way, then it should not be necessary to explain the very details in depth. The burden of proof for the very details was too high in the given circumstances. This might be appropriate for applicants who were small

entities, because the number of persons involved was low and the internal processes were easy to survey. However, this was different with applicants managing a very large portfolio. In large companies it was very difficult or even impossible to provide evidence of occurrences which had taken place in the past and where several persons had been involved, not knowing which of these persons had made a mistake and why. This alternative plausibility proof could be achieved by taking into account the high number of cases which did not run into annuity problems, as compared to the ones which have. It should therefore be possible to prove a normally satisfactory system, without necessitating detailed explanations on the concrete circumstances of an isolated mistake by a certain person. The fact that the vast majority of cases were managed properly was sufficient to prove a normally effective system. Reference was made to decisions T 743/89, T 804/05 and T 55/01 where proof of a prior use of mass-produced consumer products or the public availability of commercial brochures was accepted on the basis of the balance of probabilities.

- IX. On 5 December 2012 oral proceedings took place before the Board. The appellant requested that the decision under appeal be set aside and that re-establishment be granted in respect of the renewal fee for the third year and its additional fee.

## **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 when the European representative received the loss of rights communication of 12 November 2007. This date was not given by the appellant, but even when taking the date of dispatch as the date of receipt, the two-month period would at the earliest have expired on Monday 14 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 14 January 2008. 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 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, if 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. To this end, the applicant or his representative must plausibly show that there was a normally effective system in place for monitoring time limits and that the non-observance of the time limit was due to an isolated mistake.
5. In the present case, the appellant has not explained how the X software system which was used to administer all patent data and which calculated the due dates for the renewal fees worked. No details were given about which data was entered into the system, by whom or on which basis X performed the calculation of the due dates. It was neither made clear which data was

transmitted to CPA nor how X worked at all. Thus, on the basis of the individual circumstances the Board is not in the position to judge whether the system was satisfactory. Nor can it judge whether, in the given situation, an isolated mistake was made, or whether the mistake was immanent to the system. The applicant conceded that the data in X was wrong but did not explain why. Thus, the individual circumstances remain in the dark.

6. The appellant argued that it was not necessary to present and prove the individual circumstances and details as to why the individual mistake happened, if it exists another way to convincingly demonstrate that there was a satisfactory system in place. In a situation as present, where a huge amount of data is to be administered which can only reasonably be done by the use of software tools, it was sufficient to show that a system was in place which generally worked properly. The fact that very few mistakes occurred, taking into account the amount of data managed, was sufficient proof that a satisfactory system was implemented. The Board cannot share this view. According to the established case law of the Board's of Appeal, the circumstances of each case must be looked at as a whole. The obligation to exercise due care must be considered in the light of the situation as it stood before the time limit expired. The steps the party took to comply with the time limit are to be assessed solely on the basis of the circumstances applying at that time (see references in Case Law of the Boards of Appeal of the European Patent Office, 6th edition 2010, VI.E.7.3.1). If a request for re-establishment is based on an isolated mistake the appellant must plausibly

show that there was a normally satisfactory system established at the relevant time in the office in question (Case Law of the Boards of Appeal of the European Patent Office, 6th edition 2010, VI.E.7.3.3 a), J 13/07 of 10 July 2008, point 5.1). From this it follows that the individual circumstances of the case must be assessed, i.e. how X worked and how it was handled in 2007 with Microsoft in order to ensure timely payment of the renewal fee. It is not sufficient to refer in general terms to X as being a well established software without giving the details as to how it works and how it was handled in the specific case, because otherwise it cannot be judged whether it was an isolated mistake, or a general failure of the system. A system should be organised in such a way that no mistakes happen and only when it is demonstrated that the mistake was an isolated one re-establishment can be allowed. It cannot be accepted that it is sufficient to argue that a proper system has been installed once and further not to have to demonstrate how it was handled on the mere assumption that a few mistakes would be acceptable. This would go against what *all* due care requires. To this regard, the details how the system worked must be submitted and proven. This encompasses the data entry. The best software system is of no use if incorrect data are entered at the beginning. In the present case, the mistake resulted from wrong data in X. If an applicant relies on a database system he must make sure that it is fed with the correct data. The more an applicant relies on a software system for monitoring procedural aspects concerning his patent applications or portfolio, the more he must make sure that the data on which the system performs its calculations is correct. In the

present case, it has not been shown at all that there was a satisfactory procedure in place for entering and cross checking the relevant data. Thus, the monitoring system has not been sufficiently described, nor has any evidence been furnished. Moreover, it seems that it was not just an isolated mistake which happened, as is shown by cases J 4/12 and J 23/10 which have the same underlying facts.

7. If the appellant's argument were accepted this would mean giving a "*carte blanche*" to applicants who administer a large amount of patent applications and who apply generally accepted systems. It would not be clear where the limits of all due care lie, because it would be difficult to draw a line how many mistakes could be accepted without loss of rights. This would not be in line with the wording of Article 122(1) EPC which stipulates that all due care *required by the circumstances* has to be shown. This means in the individual situation, not just in general.
  
8. The Board cannot see how the jurisprudence, cited by the appellant, concerning the proof of prior use of mass products or public availability of commercial brochures could be applied here. It might well be that the monitoring of time limits of a huge patent portfolio is somehow a mass business, nevertheless Article 122(1) EPC requires that the individual circumstances of the case have to be explained and proven. The principle of balance of probabilities only affects the standard of proof but does not release the applicant from his obligation to submit the necessary facts.

9. Moreover, even after expiry of the due date, the appellant could still have paid the renewal fee together with an additional fee. Once a reminder to this regard is received, all due care requires that the applicant checks whether the non-payment was intentional or not. It cannot be assumed that everything is correct, simply because the software normally works correctly. These reminders serve as a safety-net if a mistake happens. Apparently, the EPO reminder was uploaded into X by the US attorney, but nothing happened. As admitted by the appellant this was Ms Rydberg's fault, since she did not perform her duties correctly. Again, no details were presented as to why and thus it has not been established that all due care in respect of the additional period has been observed. Thus, re-establishment of rights must already fail for this reason.

## **Order**

### **For these reasons it is decided that:**

The appeal is dismissed.

The Registrar:

The Chairwoman:

C. Eickhoff

P. Schmitz