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**Datasheet for the decision
of 9 May 2014**

Case Number: J 0015/13 - 3.1.01

Application Number: 10180655.2

Publication Number: 2258209

IPC: A23K1/00, A23K1/165

Language of the proceedings: EN

Title of invention:

Phytase granules in animal feeds

Applicant:

Novozymes A/S
Third Party: Danisco US Inc.

Headword:

Resumption of Proceedings for Grant

Relevant legal provisions:

EPC Art. 61(1), 108, 164(1), 99
EPC R. 14(1), 14(3), 71(3)

Keyword:

"Stay of proceedings for grant"
"Resumption of proceedings for grant"
"Continuation of suspended proceedings/weighing of interests"
"duration of suspension"
"competence of the EPO to consider whether a national law suit
is an entitlement proceeding within the meaning of Article 61
(1) EPC - Yes"

Decisions cited:

G 0003/92, G 0007/93, J 0028/94, J 0007/96, J 0010/02,
J 0033/03, J 0006/10, J 0007/10, J 0013/12

Catchword:

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**Beschwerdekammern
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Chambres de recours**

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Case Number: J 0015/13 - 3.1.01

D E C I S I O N
of the Legal Board of Appeal 3.1.01
of 9 May 2014

Appellant: Novozymes A/S
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Respondent: Danisco US Inc.
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Decision under appeal: Decision of the Legal Division of 12 June 2013

Composition of the Board:

Chairwoman B. Guenzel
Members: C. Schmidt
D. Rogers

Summary of Facts and Submissions

- I. The appellant (applicant) appeals against the decision of the Legal Division dated 12 June 2013, rejecting its request to resume the grant proceedings of its European patent application No. 10 180 655.2 stayed as from 21 September 2012 pursuant to Rule 14(1) EPC.

With a communication under Rule 71(3) EPC dated 11 September 2012 the Examining Division informed the appellant that it intended to grant a patent on the basis of its application. The appellant was invited to pay the fee for grant and publication and to file the translations of the claims.

One day later the appellant submitted "replacement pages 1, 14 and 15" of the application which "*involve minor modifications to the amendments that the examiner has proposed in his description*". The appellant requested, if necessary, the issuance of a new communication under Rule 71(3) EPC incorporating these modifications.

With letter dated 21 September 2012 the respondent (third party) requested that the proceedings for grant be stayed pursuant to Article 61(1) EPC in conjunction with Rule 14(1) EPC. With the same letter the respondent submitted a copy of a lawsuit filed in Denmark on 20 September 2012, claiming entitlement to the application in suit.

With letter dated 26 September 2012 the appellant requested that the grant proceedings not be suspended or, in the case of suspension, immediate resumption of the proceedings. In addition it requested oral proceedings.

- II) The request of the appellant to resume the proceedings was rejected by the contested decision. The Legal

Division found that a late filing of the action for entitlement before the national court did not constitute in itself an indication of an intention to delay patent granting proceedings by the respondent. Furthermore, in the current case, the Legal Division did not see any evident delaying tactics on the part of the respondent in conducting the Danish law suit which would constitute a reason to resume proceedings at this stage. For these reasons and because the duration of the suspension was still short, the Legal Division considered it to be premature to resume the proceedings or set a date at which proceedings would be resumed regardless of the stage reached in the national proceedings.

- III) With its notice of appeal and statement of grounds of appeal the appellant argued that its interest in a quick resumption of the grant proceedings took precedence over the respondent's interest in a further suspension. It argued that any further delay prevented it from benefiting from its rights in an examined (and allowed) patent.

The appellant also argued that: the Danish entitlement proceedings were vexatious and completely without substance because in this law suit the respondent did not provide any proof for its assertion that the application belongs to it; the respondent itself had submitted that the invention had already been published and that a product making use of the invention had already been launched before the priority date of the application on file; thus the Danish law suit should be seen as an entitlement proceeding in name only; despite the fact that the EPO might not have the power to examine the Danish case as a whole, this law suit could therefore not lead to a decision pursuant to Art 61(1) EPC; the request under Rule 14(1) EPC was filed at a very late state of

the grant proceedings after a communication pursuant to Rule 71(1) EPC had already been dispatched; Rule 14(1) EPC could become a powerful procedural weapon for a third party whose aim is only to delay the grant of a European patent, unless abuse of this Rule is prevented.

The appellant further argued that Rule 14 EPC could not be understood as an exception to the principle of the EPC that a patent which meets the requirements of the EPC should be granted. Thus the discretion under Rule 14 EPC should be exercised in favour of the appellant.

- IV) The appellant requested that the decision under appeal be set aside and that the grant proceedings be resumed immediately.

The respondent requested that the appeal be dismissed.

The respondent argued that it had acted entirely in accordance with the provisions of the EPC. The EPC allows a request under Rule 14(1) EPC at any stage of the grant proceedings. The respondent had not resorted to delaying tactics in the conduct of the Danish proceedings. The Danish proceedings cannot be considered to be without merits. The invention as now claimed by the appellant was not disclosed in its application as filed but represents a selection invention which was first published and marketed by the respondent. Thus, the argument of the appellant that the Danish proceedings are without merits because of the fact that the publication of "the invention" or the launch of a product making use of it took place after the filing date of the application, is itself without merit.

Reasons for the Decision

1. Admissibility of the appeal

The appeal fulfils the requirements of Article 108 EPC and Rule 99(1)(2) EPC. Thus the appeal is admissible.

2. Allowability of the appeal

2.1 Under Rule 14(1) EPC, the European Patent Office must stay grant proceedings if a third party provides proof that it has commenced national proceedings against the applicant for the purpose of seeking a judgement that the third party instead of the applicant is entitled to the grant of the patent. Under Rule 14(3) EPC the European Patent Office may - at its discretion - set a date on which it intends to resume the proceedings for grant of a patent stayed pursuant to Rule 14(1) EPC regardless of the stage reached in the national proceedings. In principle, this includes the possibility to resume the proceedings right away (cf. J 33/03 of 16 November 2004, point 2.1 of the Reasons).

2.2 The appellant submitted an expert legal opinion. This opinion argued that an interpretation of Rule 14 EPC, such as set out in point 2.1 above, i.e. the effect that the EPO must stay the grant proceedings if the requirements of Rule 14(1) EPC are met would limit the right of an applicant to have an application which meets the requirements of the EPC be granted as a patent. This would violate the EPC because Rule 14 EPC would limit the rights granted to the applicant by the EPC. Hence, as the Administrative Council does not have the authority to amend the EPC, "... the Administrative Council, which adopted the Implementing Regulations

does not have the rule-making authority to introduce this limitation into the procedure...".

The Board cannot follow this argumentation. According to Article 164(1) EPC, the Implementing Regulations shall be integral parts of the Convention. What is more, the regulation of Rule 14 EPC was already part of the Implementing Regulations in its first version of 5 October 1973 (see Rule 13 EPC 1973) and has been ratified by the member states. Thus, contrary to the submissions of the appellant, since the substantive content of Rule 14 EPC has never been changed and has always been part of the EPC, the question of whether the Administrative Council had the power to amend the EPC by introducing Rule 14 into the EPC does not arise.

- 2.3 In appeal proceedings, where the Board of Appeal has to decide on a case where the department of the first instance had to exercise its discretion, it is not the function of the Board of Appeal to review all the facts and circumstances of the case as if it were in the place of the first instance department, in order to decide whether or not it would have exercised such discretion in the same way as the first instance department. Rather, the first instance department should have a certain degree of freedom when exercising that discretion, without interference from the Boards of Appeal (cf. G 7/93, OJ EPO 1994, 775, point 2.6 of the Reasons). Therefore the Boards of Appeal should only overturn the first instance department's exercise of its discretion (cf. J 13/12 of 17 June 2013, point 3.1 of the Reasons), if it comes to the conclusion that this discretion was not exercised according to the correct criteria, or that it was exercised in an inappropriate way (G 7/93, loc. cit.).

2.4 In the decision under appeal the Legal Division, in reaching its decision, balanced the interests of the appellant and the respondent. Thus it exercised its discretion under Rule 14(3) EPC.

2.5 The first instance also exercised its discretion under Rule 14(1) EPC correctly and appropriately.

According to the established case law of the Boards, the department which is initially responsible for the decision pursuant to Rule 14(3) EPC has to take into account all valid interests of the appellant and the respondent. In this respect, the Legal Board of Appeal has ruled that the aspects that should be considered are in particular, (i) how long the proceedings before the national courts/authorities have been pending, (ii) the duration of the suspension and (iii) whether the request for suspension of the grant proceedings was filed at a late stage (cf. J 6/10 of 12 November 2012, point 4.2 of the Reasons; J 7/10 of 12 November 2012, point 4.1 of the Reasons). These aspects were considered by the Legal Division in an appropriate way.

2.6 *Delaying tactics*

2.6.1 *Timing of the respondent's request under Rule 14 (1) EPC*

The timing of the respondent's request for the suspension of the grant proceedings does not amount to a delaying tactic.

The EPC allows a third party to request suspension of the grant proceedings at any time while they are

pending, i.e. at any time before the date on which the mention of the grant of the patent is published (cf. J 7/96, OJ EPO 1999, 443 point 6.2 of the Reasons). Therefore, in the present case, the respondent was within the provisions of Rule 14(1) EPC when it filed its request after the Examining Division had already dispatched the communication under Rule 71(3) EPC on 11 September 2011

Thus, in the view of the Legal Board of Appeal, the filing of the request under Rule 14 (1) EPC at the last possible moment may only be taken as an argument for the resumption of the grant proceedings if such behaviour appears to be a misuse of the respondent's right to a stay of the grant proceedings. This is not the case here.

For the same reasons, the appellant's argument that the "entitlement was never raised during the litigation (in several countries, including Denmark, Finland, Germany, The Netherlands and the United Kingdom)" - cf. letter dated 18 June 2013, point 4.17 page 6 - does not convince the Board that the respondent's request under Rule 14(1) EPC is in this case an abuse of procedure.

2.6.2 *Merits of the Danish entitlement suit*

Delaying tactics cannot be assumed because of the merits or demerits of the Danish entitlement suit.

2.6.2.1 The appellant is of the opinion that the Danish entitlement suit is "*unjustified*" and "*without merit*". It bases this view mainly on the fact that in these proceedings the respondent does not even allege that the transfer of know-how took place before the application in suit had been filed. It referred to the

Writ of Summons of the Danish proceedings where the respondent had argued that the application in suit was filed after the respondent published the invention in a patent application and used it for the launch of a commercial product. Thus, in the view of the appellant, it is obvious that the entitlement suit must fail and was only filed in order to allow for a request for suspension of the grant proceedings.

2.6.2.2 In its decision G 3/92 (OJ EPC 1994, 607) the Enlarged Board of Appeal pointed out that, under the European patent system, the EPO has no power to determine a dispute as to whether or not a particular applicant is legally entitled to apply for and be granted a European patent in respect of the subject-matter of a particular application. Pursuant to the "Protocol on Jurisdiction and the Recognition of Decisions in respect of the Right to the Grant of a European Patent" (the "Protocol on Recognition") the courts of the Contracting States have sole jurisdiction to decide claims to entitlement to the right to the grant of a European patent (point 3 of the Reasons)

Contrary to the submission of the respondent, the decision J 28/94 (OJ EPO 1997, page 400) does not lead to a different conclusion. The passage of this decision cited by the appellant (point 2.2.1 of the Reasons) does not concern the question of whether or not the grant proceedings should be resumed pursuant to Rule 14(3) EPC. Instead, the decision J 28/94 deals with an appeal of the third party against the decision to reject the request for suspension under Rule 14(1) EPC. In this regard the cited passage concerns the question whether or not the applicant is excluded from such appeal proceedings. In the cited passage the Board found that the request under Rule 14(1) EPC does not

initiate separate proceedings with the result that the applicant "could, for example, claim that the facts and documents on which the third party has based its request for suspension are not legitimate" (J 28/94, loc. cit.).

2.6.2.3 However, applying the principles laid down in G 3/92 the EPO must not be entirely blind as regards the entitlement suit. According to Rule 14(1) EPC, the grant proceedings may only be stayed in the case that a third party provides evidence that **he** has instituted proceedings against the **applicant** seeking a **decision within the meaning of Article 61(1) EPC**. The department of the EPO who has to decide whether to suspend the grant proceedings or not, and in appeal proceedings the Board of Appeal, at least is entitled to and has to verify if the suit on which a third party relies meets the requirements mentioned in Rule 14(1) EPC, i.e. if (1) the person who asks for a stay of the grant proceedings is the same person who instituted the national proceedings, (2) if these proceedings are directed against the applicant and (3) if such proceedings are entitlement proceedings within the meaning of Article 61(1) EPC.

2.6.2.4 The requirements (1) and (2), set out in the paragraph above, are met in the current case. This is undisputed.

2.6.2.5 With regard to point (3) above, the Board needs to ensure that the requirement of Rule 14(1) EPC according to which only a law suit which is directed to a judgement that a person other than the applicant is entitled to the grant within the meaning of Article 61(1) EPC justifies the stay of the grant proceedings, is satisfied. The question is whether or not the proceedings instituted before the Danish court can be

considered as entitlement proceedings within the meaning of Article 61(1) EPC.

In this respect, the Board endorses the respondent's view that national proceedings leading to a decision under Rule 14(1) EPC have to be entitlement proceedings not only in name but also in nature. It is acknowledged in the jurisprudence of the Legal Board that the EPO is not allowed to examine the substance and merits of a national entitlement case. However, the Board's power of examination cannot be limited to the mere check whether the claim submitted with the entitlement suit is directed to the transfer of the application but - to certain extent - also allows and may even require a consideration of the grounds given in the complaint of the entitlement suit, namely as to whether the plaintiff's submissions - whether justified or not - are directed to a transfer of the application as a result of being the true inventor of the invention claimed in the application or its legal successor. In the Board's point of view this seems to be evident because the subject-matter of a law suit is not defined only by the claim but also by the cause of action submitted by the plaintiff.

Therefore, the Board considers it to be necessary to regard the arguments given by the plaintiff within the Danish entitlement case in order to decide whether or not this law suit could lead to a decision in the meaning of Article 61(1) EPC and thus to the stay of the grant proceedings according to Rule 14 EPC. It is emphasized by the Board in the decision J 33/03, and as argued by the appellant in the current case, that the right of a third person to request a stay of the grant proceedings is a strong weapon which can be misused. To guard against such misuse it seems to be appropriate

for the Board to verify whether or not the Danish law-suit satisfies the above requirements.

2.6.2.6 In the writ of summons in the Danish proceedings it is argued as to why the respondent is of the opinion that the application in suit should be transferred to it as a consequence of it being the inventor of the now claimed invention. Whether well-founded or not, that means, in the current case, not only the claim but also the arguments brought forward in the national law suit are directed to a transfer of the application in suit as a result of such entitlement. Therefore the Danish law suit is directed to a decision within the meaning of Article 61(1) EPC and thus can be considered to be entitlement proceedings not only in name but also in nature.

2.6.2.7 Apart from what can be gleaned from the Danish court documents, the Board may also consider circumstances relating to the conduct of the Danish law suit. The Board is aware that the appellant's request of a summary dismissal of the Danish entitlement proceedings was rejected by the Danish court. Finally it appears that the Danish court is going to hear an expert before it takes a final decision. Because of these facts, without evaluating the arguments brought forward in the Danish law suit, it can be concluded that the Danish court considers the case before it not to be entirely without merit from the outset.

2.7 *The respondent does not intend to uphold the patent*

The respondent has stated that its intention is to withdraw the application if it wins in the Danish entitlement proceedings. However this intention does not reduce the respondent's interest in a further stay

of the grant proceedings. According to Article 61(1) EPC a person other than the applicant who is entitled to the grant of the European patent may not only prosecute the application as its own (Article 61(1)(a) EPC) or file a new application in respect of the same invention (Article 61(1)(b) EPC) but also request that the European application be refused (Article 61(1)(c) EPC). Thus, it is expressly provided by the EPC that a third party may file an entitlement suit just in order to withdraw the application. On this understanding the argument of the appellant that the respondent does not need the protection guaranteed by Rule 14 EPC is not convincing. The respondent may be indifferent as to which version of the application it will withdraw after the entitlement suit has been decided in its favour. But even if the entitled proprietor is not interested in the patent, it can be in its interest to prevent the applicant from getting a patent.

2.8 *Length of pending national proceedings and duration of suspension*

Under Rule 14(1) EPC the proceedings for grant shall be stayed if a third party provides evidence that it has instituted proceedings against the applicant seeking a decision within the meaning of Article 61(1) EPC. Under Rule 14(2) EPC the grant proceedings shall be resumed where evidence is provided that a *final decision* within the meaning of Article 61(1) has been taken. These two provisions make clear that under the EPC the grant proceedings can be suspended during the whole duration of the national entitlement proceedings.

In the present case, the Danish entitlement proceedings were initiated by the respondent on 20 September 2012. The Legal Division stayed the patent grant proceedings

as from 21 September 2012. A hearing before the Danish court should take place in October 2014. Assuming that the Danish court will come to a final decision within a reasonable period of time after this hearing, the first instance national entitlement proceedings could be finished within roughly two years from the commencement of the stay.

According to the jurisprudence of the Boards, a suspension that lasts longer than three and a half years, could, under certain circumstances, damage the legitimate interest of the applicant (cf. J 13/12 of 17 June 2013, point 3.1.18 of the Reasons and J 10/02 of 22 February 2005, point 4.1 of the Reasons). In the cases J 6/10 and J 7/10 - which are related cases - the Legal Board of Appeal found that a four-year duration of the suspension of the grant proceedings was not in itself a sole decisive factor for lifting the suspension (cf. J 6/10 of 13 November 2012, point 4.3 of the Reasons; J 7/10 of 13 November 2010, point 4.3 of the Reasons). Rather, in this case, the Legal Board of Appeal considered the duration of the suspension of about four years *in combination* with the fact that the respondent applied delaying tactics not only in respect of the filing of the request for suspension pursuant to Rule 14(1) EPC, but also in respect of the way in which the national entitlement proceedings were conducted, as a basis for ordering the resumption of the grant proceedings. Since such delaying tactics cannot be observed here (see points 2.6 to 2.6.2.7 above), the situation of the present case is to be distinguished from cases J 6/10 and J 7/10.

The present case also differs from that underlying the decision J 33/03 cited by the appellant. In J 33/03 the

decision to resume the grant proceedings was mainly based on the assumption that a final decision of the entitlement suit could be expected after a final decision of the Federal Supreme Court of Justice, a third instance, which would take many years (J 33/03 of 16 November 2004, point 3. of the Reasons). That the present proceedings will be so long and drawn out has not been substantiated in the present case.

Furthermore, in the present situation i.e. after a relatively short duration of the suspension of the grant proceedings and a short time before an expected first-instance decision of the entitlement suit, the alleged economic damage caused by a further stay of the grant proceedings cannot be taken as a decisive reason for resumption. Hence, the probable length of stay of two years appears to be an acceptable period for a stay and does not justify the immediate resumption of the grant proceedings pursuant to Rule 14(3) EPC.

2.9 *Further filing of amendments by the appellant*

Additionally it has to be taken into account that, in the present case, the appellant filed further amendments to its application after the communication pursuant to Article 71(3) EPC had been dispatched by the European Patent Office.

The Legal Board of Appeal is neither competent nor qualified to evaluate whether or not these amendments have an impact on the further course of the grant proceedings. However, the present case can be distinguished from the case where the resumption of the grant proceedings would directly lead to the grant of the patent, as is normally the case when the stay of these proceedings occurred after the issuance of the

communication under Rule 71(3) EPC. Thus, the argument that a resumption of the grant proceedings could not impair the third parties interest by affecting "its" patent - which normally argues for a quick resumption of the grant proceedings in cases like this - does not apply here.

2.10 In conclusion, as matters currently stand, there seems to be no predominant interest in an immediate resumption of the grant proceedings. Furthermore it does not seem to be appropriate to set a date on which the proceedings for grant shall be resumed.

3. Thus, the appeal of the appellant is not successful.

Order

For these reasons it is decided that:

The appeal is dismissed.

The Registrar:

The Chairwoman:



C. Eickhoff

B. Guenzel

Decision electronically authenticated