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**Datasheet for the decision
of 15 December 2016**

Case Number: J 0023/14 - 3.1.01

Application Number: 09736867.4

Publication Number: 2478630

IPC: H02M5/458

Language of the proceedings: EN

Title of invention:
INVERTER WITH COMMUTATION CIRCUIT

Applicant:
ESAB AB

Headword:
Re-establishment of rights

Relevant legal provisions:
EPC Art. 86, 122
EPC R. 51, 112, 136

Keyword:

Re-establishment of rights
point in time relevant for loss of rights in case of non-
payment of renewal fee
all due care by the applicant (no)
independent cross-checking system (no)
isolated mistake within a normally satisfactory system (no)

Decisions cited:

G 0001/90, J 0027/90, J 0021/92, J 0024/92, J 0003/93,
J 0017/03, J 0001/07, J 0005/13, T 0287/84, T 0223/88,
T 0667/92, T 0381/93, T 0036/97, T 1401/05, T 1764/08,
T 0942/12, T 1402/13

Catchword:

Notwithstanding the wording of Article 86(1) EPC 2000 and Rule 51 EPC (in the version in force until 31 December 2016), for the sake of the protection of legitimate expectations of the users of the European patent system, the Board holds that a patent application is deemed to be withdrawn only upon expiry of the six-month grace period for paying the renewal fee with additional fee under Rule 51(2) EPC, in accordance with the jurisprudence that prevailed before decision T 1402/13.



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Case Number: J 0023/14 - 3.1.01

D E C I S I O N
of the Legal Board of Appeal 3.1.01
of 15 December 2016

Appellant: ESAB AB
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Decision under appeal: **Decision of the Examining Division of the European Patent Office posted on 4 July 2014, rejecting the request for re-establishment of rights concerning European patent application No. 09 736 867.4.**

Composition of the Board:

Chairwoman C. Vallet
Members: C. Schmidt
T. Karamanli

Summary of Facts and Submissions

- I. The appellant (applicant) contests the decision of the Examining Division dated 4 July 2014 rejecting its request for re-establishment of rights concerning European patent application No. 09 736 867.4, which was based on international application WO 2011/029482 filed on 14 September 2009. The international application entered the European phase on 20 March 2012.
- II. The renewal fee for the fourth year - which is the subject of these proceedings - fell due on 30 September 2012. The six-month time limit pursuant to Rule 51(2) EPC for paying the renewal fee with an additional fee expired on 31 March 2013. By communication dated 5 November 2012, the European Patent Office (EPO) sent a notice drawing attention to the non-payment of the renewal fee for the fourth year and to Rule 51(2) EPC to the appointed European representative. By communication dated 6 May 2013, the EPO sent a notice of loss of rights pursuant to Rule 112(1) EPC to the appointed European representative.
- III. By letter dated 4 June 2013 and received at the EPO on the same day, the European representative requested re-establishment of rights pursuant to Article 122(1) EPC in respect of the time limit for payment of the renewal fee for the fourth year with the additional fee. The renewal fee for the fourth year, the additional fee and the fee for re-establishment were also paid on 4 June 2013.
- IV. By the decision now contested, the Examining Division rejected the request for re-establishment of rights. It came to the conclusion that the request was admissible

but not allowable because it had not been proven that the appellant itself, its European representative and its US patent attorneys had exercised all due care required by the circumstances to observe the time limit.

- V. On 1 September 2014, the appellant filed a notice of appeal and paid the appeal fee. The statement setting out the grounds of appeal was filed on 21 October 2014.
- VI. As far as they are relevant for the Board's decision, the appellant's submissions can be summarised as follows:

The international application led to a group of national applications in Australia, Brazil, China, India, Japan, Korea and the United States. Whereas all these applications were successfully entered into the appellant's docketing system IPENDO, the European application in question was "inadvertently, inexplicably and unintentionally" not uploaded into this system.

Concerning IPENDO it was submitted that this system, which served both as a docketing reminder system and an annuity payment service, contained a comprehensive storehouse of information regarding the appellant's pending intellectual property matters, which amounted to several thousand patent and trademark matters. One "standard practice" of IPENDO was to send periodic reminders to the appellant regarding upcoming annuities due, including annuities for patent applications pending before the EPO. Because the system was unaware of the existence of the European application in question the system failed in the present case.

The appellant further submitted that, during the second half of 2012 and the first quarter of 2013, its patent and trademark matters had been transferred to a new

docketing system called "Foundation IP (FIP)", which was used by its new US patent attorneys Kacvinsky Daisak PLLC. Later annuities were handled by a new outside annuity service (Computer Packages, Inc. (CPI)). Since the application in question had never been added to IPENDO it was neither transferred to FIP nor to CPI. The appellant also submitted that, despite these changes, at the time the renewal fee was due as well as at the time the annuity grace period expired, the responsibility for payment of annuities still remained with IPENDO.

VII. In a communication issued together with a summons to the oral proceedings, the Board drew attention to the jurisprudence of the boards of appeal according to which the application of "all due care" requires the setting-up of a "cross-checking system". It was also emphasised that the Board was of the preliminary opinion that the existence of such a system within the appellant's internal organisation has not been proven.

VIII. In reaction to this, the appellant provided more details to its practice of uploading data to IPENDO, as follows:

Once its patent attorney submitted documents relating to a newly filed application, one of three persons in charge of patents within the appellant's company entered this data into IPENDO and one of the other two persons compared the integrated data with the document submitted by the patent attorney.

The appellant further specified that, by email dated 9 November 2012, its European representative not only informed the US representative that the time limit for paying the renewal fee for the fourth year with surcharge would expire on 31 March 2013 - as submitted in writing - but at the same time, i.e. 9 November 2012,

it also sent a copy of this email directly to the appellant. Since this email had been answered neither by the appellant nor by its US representatives, the European representative sent two further emails dated 7 and 20 March 2013 solely to its US colleagues, asking for a confirmation of receipt. The US representatives finally replied on 20 March 2013: "Received!!!".

- IX. The appellant requested that the decision under appeal be set aside and that the request for re-establishment of rights in respect of the time limit for paying the renewal fee for the fourth year with surcharge be allowed.

- X. Oral proceedings were held on 15 December 2016.

Reasons for the Decision

- 1. The appeal complies with Articles 106 to 108 EPC and Rule 99 EPC and is admissible.

- 2. Admissibility of the request for re-establishment of rights
 - 2.1 According to Rule 136(1) EPC a request for re-establishment of rights under Article 122(1) EPC shall be filed within two months of the removal of the cause of non-compliance with the period, which is normally 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), but at the latest within one year following the expiry of the unobserved time limit.

2.2 On 5 November 2012 the Office sent a communication (EPO Form 2522) to the appellant's European representative informing him of the non-payment of the renewal fee for the fourth year under Rule 51(1) EPC and the possibility to validly pay the renewal fee together with the additional fee within the six-month period following the due date. This communication also comprised the following information: *"If the renewal fee and the additional fee are not paid in due time, the European patent application shall be deemed to be withdrawn (Art. 86(1) EPC)."*

On 6 May 2013, in another communication, the appellant's European representative was informed that the time limit pursuant to Rule 51(2) EPC had also been missed and that the application was thus deemed to be withdrawn. The request for re-establishment of rights was filed on 4 June 2013.

Thus, in the present case, the decisive question is whether the cause of non-compliance was already removed with the receipt of the communication of 5 November 2012 - in which case the request for re-establishment filed on 4 June 2013 would have been late filed - or only with the communication sent out on 6 May 2013. In this case the request for re-establishment of rights dated 4 June 2013 would have been filed in due time.

2.3 Article 122(1) EPC is worded such that it is applicable only where the non-observance of the time limit in question has the direct consequence of a loss of a right or of a means of redress. Thus, according to established jurisprudence, re-establishment of rights can be granted only with respect to the time limit pursuant to Rule 51(2) EPC for paying the renewal fee with an additional fee.

This jurisprudence is based on the view that the non-payment of the renewal fee by the due date pursuant to Rule 51(1) EPC does not result in a loss of rights but that the direct consequence of a loss of rights occurs on expiry of the time limit under Rule 51(2) EPC if it has not been observed. This is in line with the finding of the Enlarged Board of Appeal in its decision G 1/90 (OJ EPO 1991, 275) that where the EPC deems the application to be withdrawn, *"the loss of rights occurs on expiry of the time limit that has not been observed"* (point 6 of the Reasons). It is also in accordance with the established jurisprudence that the provision on the re-establishment of rights only applies if the applicant has failed to observe a time limit within the meaning of Article 122(1) EPC but not if he has failed to observe a due date such as the due date for paying the renewal fee within the meaning of Article 86(1), first sentence, and Rule 51(1), first sentence, EPC ("Fälligkeit" in the German version and "échéance" in the French version).

- 2.4 However, the board is also aware of decision T 1402/13 of 31 May 2016 which held that, whereas under Article 86(3) EPC 1973 the loss of rights did not occur before the additional period of six months had elapsed, under the present Article 86(1) EPC 2000 an application was deemed to be withdrawn if the renewal fee was not paid in due time pursuant to Rule 51(1) EPC. The Board in that case further stated that the due date according to Rule 51(1) EPC for paying the renewal fee was "not a time limit in the narrow sense of the word" (point 4.4.1) and that Rule 51(2) EPC provided for a remedy, namely the possibility that a deemed withdrawal could be reversed if the annual fee and the additional fee were paid within six months after the due date (point 4.4.3. of the Reasons).

2.5 This finding in decision T 1402/13 implies that restitutio in integrum in respect of the time limit specified in Rule 51(2) EPC would no longer be admissible since, according to the reasoning of said decision, non-compliance with this time limit does not have "the direct consequence of causing a loss of rights" as required by Article 122(1) EPC.

However, this issue has been clarified in the amended version of Rule 51(2) EPC resulting from the decision of the Administrative Council of 14 December 2016 (CA/D 17/16, OJ EPO 2017 A/02; see also the arguments given in CA/99/16). A second sentence has been added to said Rule which reads as follows: *"The legal consequence laid down in Article 86, paragraph 1, shall ensue upon expiry of the six month period."*

Although this new provision only applies as of 1 January 2017, it clearly confirms that - despite the wording of Article 86(1) EPC 2000 (see CA/99/16, esp. paragraphs 30 and 31, and the Basic proposal for the revision of the European Patent Convention (document MR 2/00), p. 77) - it was not the intention of the legislator to cancel re-establishment of rights as a mean of redress in such cases.

Hence, for the sake of the protection of the legitimate expectations of the users of the European patent system, who must be able to rely on a communication sent by the EPO (EPO Form 2522, which was sent to the party in the present case, clearly states that a patent application is deemed withdrawn only upon expiry of the six-month grace period for paying the renewal fee with additional fee under Rule 51(2) EPC. see point 2.2 above), the Legal Board considers it appropriate not to diverge from

the jurisprudence that prevailed before decision T 1402/13.

2.6 Accordingly, the request for re-establishment of rights which reached the EPO on 4 June 2013 was filed in due time. The necessary acts required under Rule 136(1) and (2) EPC, i.e. payment of the renewal fee for the fourth year with surcharge, payment of the fee for re-establishment and submission of the grounds for re-establishment, were also performed in due time. The appellant's request for re-establishment of rights is therefore admissible.

3. Allowability of the request for re-establishment of rights.

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

In considering whether all due care has been taken, the circumstances of each case must be considered as a whole (cf. T 287/84, OJ EPO 1985, 333, 338, point 2 of the Reasons; J 1/07 of 25 July 2007, point 4.1 of the Reasons). The requirement of due care must be judged in the light of the situation existing before the time limit expired (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; J 1/07 of 25 July 2007, point 4.1 of the Reasons).

3.2 As the Examining Division correctly pointed out, this duty applies first and foremost to the applicant itself

and, by virtue of the delegation implicit in his appointment, to the applicant's professional representatives (cf. J 3/93 of 22 February 1994, point 2.1 of the Reasons; J 17/03 of 18 June 2004, point 5 of the Reasons; T 1401/05 of 20 September 2006, point 13 of the Reasons). Therefore the Board intends to consider first the responsibility of the applicant.

- 3.2.1 It was already emphasised in the contested decision that the appellant itself had failed to submit sufficient evidence as to whether independent checks or monitoring were foreseen in the organisation of its company making sure that all application data had been entered correctly in the annuity payment system (IPENDO) and that mistakes such as happened in the present case were avoided.
- 3.2.2 Indeed, according to the established jurisprudence of the boards of appeal, at least in a very big firm where a large number of dates have to be monitored at any given time - as it is the case here - it must normally be expected that an independent and effective system of cross-checks is foreseen in order to counterbalance errors (cf. for example T 223/88 of 6 July 1990, point 4 of the Reasons, explicitly with respect to the requirement of a cross-checking system within the internal organisation of the applicant company; T 1764/08 of 2 December 2010, point 17 of the Reasons; T 36/97 of 21 October 2001, points 14, 15 of the Reasons). In other words, re-establishment in respect of a time limit can only be granted if the reason why it was missed appears to have been an isolated error which occurred in spite of the existence of such a cross-checking system.

- 3.2.3 In the present case, the initial mistake was that the application in suit was not uploaded into the docketing and annuity payment system (IPENDO), initially used and stewarded by the appellant themselves. According to the appellant's more detailed submissions during the oral proceedings before the Board, a cross-check was only performed in so far as the data *already entered* in IPENDO were compared with documents submitted by the appellant's patent attorneys.
- 3.2.4 Such a check is obviously not suitable for detecting missing data in the IPENDO system and therefore cannot be considered as an independent and effective cross-checking system as required by the jurisprudence of the boards of appeal. Thus the mistake that the application in suit was not uploaded into IPENDO cannot be considered as an isolated error in a normally satisfactorily working monitoring system.
- 3.2.5 Since, according to the appellant's submissions, it was a "standard practice" of IPENDO to send "periodic reminders", the system would have reminded the appellant of both expiry dates. Therefore, the fact that IPENDO lacked information about the application in suit not only caused the non-payment of the renewal fee on the due date pursuant to Rule 51(1) EPC but also has to be seen as - at least one - reason why the appellant failed to pay the renewal fee and the additional fee in due time pursuant to Rule 52(2) EPC. Thus, in this respect it is not relevant that said mistake occurred long before the renewal fee pursuant to Rule 51(1) EPC fell due.
- 3.2.6 The appellant furthermore argued that, although IPENDO contained several thousand patent and trademark matters owned by the appellant, the application in suit

represents the only case where data has not been recorded in this system because of an inadvertent omission. However, this argument was already rejected by the Examining Division with reference to the case law of the boards of appeal according to which the mere allegation that the case at issue was the first instance of unintended failure does not show that a satisfactory system was in place and that thus all due care has been taken (see for example: T 223/88 of 6 July 1990, Reasons, point 5 of the Reasons; T 1764/08 of 20 December 2010, point 20 of the Reasons). The present case does not give any reason to diverge from this case law.

3.2.7 With respect to the responsibility of the appellant, the decisions which it cited do not justify any different treatment.

It is true that the circumstances underlying the case in hand were similar to those of cases J 21/92 and J 24/92 of 16 March 1995 (processed jointly), case J 5/13 of 17 January 2014 or case T 942/12 of 17 November 2015 in so far as, in all these cases, the expiry of the time limits fell within a stretch of time during which the responsibility was transferred to another person - or at least when there was a confusion about responsibilities. Apart from that, clear differences may justify a distinct treatment.

In cases J 21/92 and J 24/92, the applicant submitted that the transfer of responsibility was made because it wanted to bundle the responsibility, which was originally scattered among a large number of law firms, by arranging for a single computer annuity bureau to take over responsibility for generating renewal reminders and paying renewal fees. In these cases the

applicant further stated that the record base for the transfer was created by employees of the annuity bureau visiting the applicant and preparing a listing of the cases identified as being handled by each firm of attorneys.

This listing then was sent to the firms of attorneys originally in charge of the payment with the request that they cross-check it with its own records inform the applicant of any discrepancies (cf. J 21/92 and J 24/92 of 16 March 1995, point II of the Summary of Facts and Submissions). Thus, in cases J 21/92 and J 24/92 an independent cross-checking system was established. This system was suitable to counterbalance possible human errors and therefore in line with the case law of the boards of appeal.

In case J 5/13, with respect to the applicant, the Legal Board decided that the requirements of all due care were met because the applicant - more specifically the responsible person within the applicant's company - had no reason to doubt that the appellant's European representative was in possession of necessary contact details for him (cf. J 5/13 of 17 January 2014, point 3.2.2 of the Reasons). In this respect, there are no parallels with the present case.

With respect to the applicant's responsibility to observe the time limits, in case T 942/12, the appellant stated that after the applicant had changed, the new applicant had only taken over financial responsibility for renewal fee payments, not responsibility to monitor these. This statement was held to be credible as the appellant was represented by patent attorneys and could therefore expect that they would monitor time limits (cf. T 942/12 of 17 November 2015, point 3.3 of the

Reasons). Once again, from this point of view, there is no parallel with the present case since the Board feels unable to conclude from the submissions on file that the appellant instructed either its European representative or its US patent attorneys to observe time limits. This applies all the more since, at the point in time when the time limit for paying the renewal fee with the additional fee expired, according to the submissions of the appellant, the responsibility for payment of annuities rested with IPENDO and thus was still the appellant's own responsibility. As a consequence, the appellant cannot validly argue that, at this particular point in time, it were relying on the responsibility of someone else.

- 3.3 Accordingly, it does not need to be determined whether the European representative or the US patent attorneys applied all due care required by the circumstances. It is, however, worth mentioning that, according to the appellant's latest submissions, the European representative not only informed the appellant by email dated 9 November 2012 about the possible loss of rights but subsequently also sent two reminders to his US colleagues. Hence, the fact that the appellant obviously ignored the email received from its European representative on 9 November 2012 confirms the finding of the Board that the appellant did not apply all due care. The email clearly gave notice that something had gone wrong with the application on file and should have triggered some action.
4. The Board therefore comes to the conclusion that re-establishment of rights in respect of the time limit for paying the renewal fee for the fourth year with surcharge cannot be allowed. Thus the appeal must be dismissed.

Order

For these reasons it is decided that:

The appeal is dismissed.

The Registrar:

The Chairwoman:



C. Eickhoff

C. Vallet

Decision electronically authenticated