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Title of invention:

Titre de l'invention :

## ENTSCHEIDUNG / DECISION

vom / of / du 29 February 1984

Anmelder/~~Proprietor of the patent~~  
Applicant/~~Proprietor of the patent~~  
Demandeur/~~Titulaire du brevet~~

CATALDO, Thomas R.

Stichwort / Headword / Référence : re-establishment of rights / Cataldo

EPÜ / EPC / CBE Art.122(1)

"re-establishment of rights - necessity to set out fully facts  
in support of application"

Leitsatz / Headnote / Sommaire

Europäisches  
Patentamt

Beschwerdekammern

European Patent  
Office

Boards of Appeal

Office européen  
des brevets

Chambres de recours



Case Number: J 11 / 83

**DECISION**  
**of the Legal Board of Appeal**

**of 29 February 1984**

**Appellant:** CATALDO, Thomas R.  
S169 Princess Anne Road  
La Canada  
California 91011  
United States of America

**Representative:** Bowman, Paul Alan  
Lloyd Wise, Tregear & Co.  
Norman House  
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**Decision under appeal:** Decision of the Receiving Section of the European Patent Office dated 27 April 1983 rejecting an application for restoration of rights in respect of European patent application No. 79901231.5.

**Composition of the Board:**

**Chairman:** R. Singer  
**Member:** P. Ford  
**Member:** O. Bossung

SUMMARY OF FACTS AND SUBMISSIONS

- I. On 6 September 1979, the appellant filed International Application No. 79901231.5 under the Patent Cooperation Treaty in the United States of America, claiming priority from an application for a US national patent filed on 6 September 1978 and designating eight contracting States of the European Patent Convention as States for which a European patent was desired.
- II. The national fee, the search fee and the designation fees were not paid within the periods prescribed by Article 22 (1) 3 PCT and Rule 104 b (1) EPC, which expired on 6 June 1980.
- III. By a communication dated 5 August 1980, the Receiving Section of the EPO informed the appellant, pursuant to Rule 69 (1) EPC, that the application was deemed to have been withdrawn on account of failure to pay those fees within one month after expiry of the time limit laid down in Article 22 (1) PCT.
- IV. The appellant did not ask for a decision under Rule 69 (2) EPC but, on 9 June 1981, the appellant's European professional representative applied under Article 122 EPC for re-establishment of the appellant's rights, after paying the amount of the unpaid fees and the fee for re-establishment of rights on 5 June 1981. The time limit for the application for re-establishment of rights in accordance with Article 122 (2) EPC, third sentence, would ordinarily have expired on 6 June 1981, but was extended by virtue of Rule 85 (1) EPC to the next business day, 9 June 1981.
- V. The appellant's Statement of Case in support of the application for re-establishment of rights alleged that he had been unable to observe the time limit for payment of the national fee, the search fee and the designation fees because he had been unable to obtain the necessary financial resources. He had subsequently been lent the money by the firm of U.S. attorneys who were

.../...

seeking to help him to finance the development and marketing of his invention by offering shares in his company to the public.

- VI. The Statement of Case further asserted that the appellant was and had long been insolvent. He had used all his personal assets in developing his business and, in particular, he had been forced to incur very considerable expense in obtaining the approval of the United States Federal Communications Commission (FCC) which was necessary before the devices made by his company could be supplied to and used by the public in the USA. The appellant's assertions about his financial difficulties were supported by written Declarations made by him and by his U.S. lawyer and by his accountant. The Declarations were filed with the request for re-establishment of rights.
- VII. It was argued that, in the exceptional situation of the present case, it was justified to re-establish the appellant in his rights under Article 122 EPC.
- VIII. By a decision given by the Receiving Section of the EPO on 29 December 1981, it was held that the application for re-establishment of rights was inadmissible on the ground that it had been filed too late. The appellant appealed against that decision and the appeal was allowed by the Legal Board of Appeal's decision of 23 July 1982 (Case J 07/82, OJ EPO 1982, 391) which remitted the case to the Receiving Section for a decision on its merits.
- IX. In the decision now under appeal, dated 27 April 1983, the Receiving Section rejected the request for re-establishment of rights on the grounds that:
- (1) long lasting insolvency is not a sufficient reason for re-establishment of rights under Article 122 EPC. (Reference was made to the Minutes of the Munich Diplomatic Conference).
  - (2) On the facts of the present case, re-establishment of rights would result in general assistance by the EPO in cases of financial hardship. This would exceed the purpose of Article 122 EPC.

(3) There was no established principle in the national laws of Contracting States that insolvency justified re-establishment of rights. Indeed, Germany and French case law was to the contrary effect. Furthermore, at the Munich Diplomatic Conference it was clear that only cases in which there had been some unintended occurrence which had resulted in non-compliance with a time limit were considered.

(4) An applicant who had been aware of the fees to be paid since the filing of an international application 20 months before and started the regional phase of a Euro-PCT application without the necessary funds, did not have the possibility of re-establishment of rights one year later.

- X. On 6 July 1983, by telex (subsequently duly confirmed by letter) the appellant filed an appeal against the decision of 27 April 1983. The appeal fee was duly paid and a Statement of the Grounds of the appeal was filed within the relevant time limit on 25 August 1983.
- XI. In the Statement of Grounds, the appellant disputed the conclusion that his long lasting insolvency was not a sufficient reason for re-establishment of rights and also that, on the facts of the present case, re-establishment of rights would result in the EPO giving general assistance in cases of financial hardship. The facts of the case were repeated. It was argued that the EPO had to decide on the merits of each individual case. No provision of the EPC specifically excluded the possibility of relief under Article 122 EPC in cases of financial hardship. The appellant was not, in fact, requesting financial assistance since he had now paid all the necessary fees. The Receiving Section had not considered whether the facts of the particular case met the criteria of Article 122 EPC and, in particular, the criterion of "due care". The Receiving Section's view that cases of financial hardship should be left to be dealt with by national authorities was impractical under PCT or EPC procedures, since such authorities could not extend time limits or provide exemption from payment of fees under PCT or EPC regulations. Copies of the Declarations previously filed were submitted with the Statement of Grounds.

- XII. In a communication dated 10 November 1983, the Legal Board of Appeal invited the appellant to file observations, particularly on the point that - for enumerated reasons - the evidence filed did not appear to satisfy the requirement of showing that "all due care" required by the circumstances had been taken. It was pointed out that protection of the interests of applicants declared insolvent - given by extending time limits - was expressly provided by Rule 90 EPC. The communication expressed doubt whether long-term inability to meet all financial obligations was a reason for granting re-establishment of rights. Furthermore, as the Receiving Section had pointed out, the Munich Diplomatic Conference had deliberately left the matter of financial assistance to national authorities.
- XIII. By letter dated 16 January 1984, the appellant's representative replied to the communication, giving additional information about the financial and practical difficulties which the appellant had experienced. In reply to the reference to Rule 90 EPC, the representative observed that the Rule did not apply to the present case and that it was incongruous to treat a person declared insolvent more favourably than a person who sought to prevent bankruptcy by obtaining loans from family and friends. So far as providing financial assistance to applicants who had filed Euro-PCT applications was concerned, it was beyond the control of national authorities to provide financial assistance to applicants, since the authorities could not alter the relevant terms of the EPC. The representative offered to support the additional information given by an affidavit executed by the appellant but the Legal Board of Appeal did not consider it necessary to request this and did not do so.

REASONS FOR THE DECISION

1. The appeal complies with Articles 106-108 and Rule 64 EPC and is therefore admissible.
2. According to the undisputed facts, the appellant was, at all material times, personally insolvent. He was able to carry on his business only by obtaining loans from his family, his friends and his lawyer to pay debts as they became due. On one occasion, in 1979, there was an issue of stock in his company but even this was only large enough to meet outstanding financial obligations. Over a period of several years, the appellant's business, which appears to have been run as a one-man company, made accumulated losses of the order of US \$ 100.000. In relation to these losses, the US\$ 4.000 (approximately) which the appellant estimates was what he needed to pay the national fee, the search fee and the designation fees and professional charges for his International Application in June 1980, is a relatively small sum. Since the present proceedings for re-establishment of rights began, the appellant has in fact borrowed the money from his U.S. lawyers. Having regard to the way in which he financed his business, if it is to be established that the appellant took "all due care" required by the circumstances to observe the time limit, it must be shown that he did all he reasonably could to arrange to borrow \$ 4.000 at the appropriate time, i.e. in or before June 1980.
3. In his Declaration dated 3 June 1981 the appellant says only "I personally did not have such amount of \$ 4.000 on or about 6 June 1980, because of my personal insolvency, nor was I able to finance, find or otherwise develop such sum of money to proceed with this stage of prosecution of said PCT application".
4. In its Communication dated 10 November 1983, the Legal Board of Appeal expressly gave as one reason for not regarding the evidence filed as satisfying the requirements of Article 122(1) EPC that: "Mr. Cataldo gives no details and provides no corroboration in support of his bare assertion that he was not able

to "find or otherwise develop" the (relatively small) sum of \$ 4.000 in or about June 1980. Neither Mr. Brown nor Mr. Nemiroff was concerned with Mr. Cataldo's affairs at that time, so that they cannot say anything about the matter".

5. In his reply to this observation, the appellant's representative stated only that between 1978 and 1981 the appellant, having no income, was financially supported by his wife and his company was supported by substantial loans from his family and friends.
6. The appellant could and did borrow substantial sums for the needs of his business throughout the period 1978 to 1981, but he has completely failed to show why he could not borrow the money needed in or before June 1980 to pay the fees for his international application, even when challenged by the Legal Board of Appeal to give details and corroboration in support of his bare assertion that he could not find it. The appellant has, therefore, not set out the facts on which he must rely to justify his application. It follows that the Legal Board of Appeal cannot possibly find that the appellant had taken "all due care required by the circumstances" within the meaning of Article 122(1) EPC.
7. This point is enough to justify rejection of the appeal and it is, therefore, not necessary to consider the questions of principle which have been raised, in particular whether long-term financial difficulties can ever justify an application for re-establishment of rights when a fee has not been paid.
8. As the appeal cannot succeed, there is no basis for re-imbusement of the appeal fee under Rule 67 EPC.



ORDER

For these reasons ,

it is ordered that

The appeal against the Decision of the Receiving Section dated 27 April 1983 is dismissed.

The Registrar:

The Chairman: