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Boards of Appeal

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Chambres de recours



D E C I S I O N
of the Legal Board of Appeal
of 17 March 1987

Appellant : Solow, Terry Samuel
410 Playa Boulevard
La Selva Beach
State of California 95076
USA

Representative : Horton, Andrew Robert Grant
Boult, Wade and Tennant
27 Furnival Street
London EC4A 1PQ

Decision under appeal : **Decision of the Head of the Formalities**
Section of Directorate General 2
dated 3 October 1985

Composition of the Board :

Chairman : P. Ford
Member : G.D. Paterson
Member : F. Benussi

Summary of Facts and Submissions

- I. European patent application No. 80 300 163.5 was filed on 17 January 1980. After examination, the Examining Division sent an Advance Notice of its intention to grant a European patent to the Appellant on 13 June 1983. In a letter dated 22 July 1983 the Appellant disapproved of the proposed text because of three minor errors. A Communication pursuant to Rule 51(4) was sent to the Appellant on 17 August 1983, which proposed a text which incorporated corrections of the three minor errors. In a letter dated 11 November 1983, the Appellant disapproved of the proposed text because of a newly discovered error in a claim, asked for amendment of that claim and requested further examination. A second Communication pursuant to Rule 51(4) was sent to the Appellant on 9 December 1983, which proposed a text which incorporated the amendment to the claim. During the three month period following notification of that Communication, the fees for grant and printing were not paid, translations of the claims were not filed and no communication of any sort took place between the Appellant and the Examining Division.

- II. On 7 May 1984, the Formalities Section of the Examining Division issued a Decision in which the European patent application was refused pursuant to Article 97(1) EPC. This Decision stated as grounds that "the requirements have not been met within the time limit laid down, and as a result no valid approval of the proposed text has been received. The European patent application does not therefore conform to the requirements of the EPC". The postal receipt card accompanying notification of this Decision was signed by the office of the Appellant's representative on 9 May 1984.

The renewal fee for the 6th year was paid on 9 November 1984 but was refunded on 14 December 1984.

III. By a letter dated 2 January 1985, received on 4 January 1985, the Appellant stated his intention to apply for re-establishment of rights in the patent application in respect of the failure to comply with the three month time limit in the Rule 51(4) Communication; the Appellant also paid the fees for grant and printing and filed translations of the claims on the same day. On 23 January 1985 the Appellant filed an Application for re-establishment of rights under Article 122 EPC and paid the fee. He also requested that if such Application was allowed, a fresh Communication under Rule 51(4) EPC be issued (to enable the Appellant to proceed with an application in Italy).

On 5 February 1985, the Formalities Section of the Examining Division informed the Appellant that the Application for re-establishment in respect of the Rule 51(4) EPC time limit was not correct, because the Appellant should "first apply for restitutio in respect of the time limit for filing an appeal" against the Decision dated 7 May 1984. By letter dated 8 March 1985 filed on 11 March 1985 the Appellant filed a second Application for re-establishment under Article 122 EPC in respect of the time limit for filing an appeal, and paid further fees in respect of the Application for re-establishment and in respect of an appeal. The Appellant maintained, however, that he did not understand the letter dated 5 February 1985, because the primary failure was in respect of the fees for grant and printing which were payable before the Decision to refuse was issued, not in respect of a necessarily subsequent appeal against the Decision to refuse.

IV. A Decision in respect of the second Application for re-establishment was issued by the Formalities Section of Directorate General 2 on 3 October 1985, in which it was held:

- i) that the date of the removal of the cause of non-compliance with the time limit for appeal was the date of receipt at the representative's office of the Decision to refuse (i.e. 9 May 1984);
- ii) that the omitted act which must in accordance with Article 122(2) EPC be completed within two months of that date was payment of the grant and printing fees and filing of translations of the claims, but this was not done, and the Application was not filed, until 4 January 1985 and for this reason the Application for re-establishment must be rejected;
- iii) that furthermore the statement of grounds for re-establishment does not demonstrate that "all due care" was exercised.

V. A notice of appeal against the Decision was filed on 2 December 1985, and the fee for appeal paid. A statement of grounds of appeal was filed on 10 February 1986, in which it was submitted:

- i) that the Decision wrongly presumes that receipt of a communication at a representative's office must be regarded as receipt by the representative personally, and such a presumption excludes application of the principle of "legitimate fault", which was accepted as applicable under Article 122 EPC at the Munich Diplomatic Conference;

- ii) that neither the representative nor the Appellant was in fact aware of the Decision to refuse until December 1984. Lack of knowledge of the Decision was the cause of non-compliance with the time limit. The cause of non-compliance was removed in December 1984, and the Application was therefore filed (and the omitted act completed) in due time;
- iii) that out of several thousand communications received from the EPO at the representative's office per year, on not more than three occasions has a communication not been put before the relevant representative in proper time. This satisfied the objective test for "all due care" relied on in the Decision.

Reasons for the Decision

1. The appeal complies with Articles 106 to 108 and Rule 64 EPC, and is therefore, admissible.

Appeal in relation to the Application under Article 122 EPC filed 11 March 1985

2. As stated under point IV above, the Decision under appeal only deals with the second Application for re-establishment, in respect of the right to appeal from the Decision to refuse the patent application.

A recent Decision of the Legal Board of Appeal, (J 22/86 "Disapproval/MEDICAL BIOLOGICAL", to be published) dated 7 February 1987 and therefore issued since the Decision under appeal, undermines the basis of the Decision under appeal to such an extent that it is unnecessary to consider the contents of the latter Decision in any detail.

The Board therefore only makes the following observations in relation to the Decision under appeal:

- i) In the Board's view, there is no justification for the Formalities Section requiring that the second application for re-establishment (in respect of the failure to file an appeal in due time) be filed. As pointed out by the Appellant, the primary failure was in respect of the requirement under Rule 51(4) EPC to pay the fees for grant and printing and to file translations of the claims within three months; and if the (first) Application for re-establishment in respect of that omitted act is successful, there is no need for the second Application.
- ii) For similar reasons to those set out in paragraph 6 below in relation to the second Application for re-establishment, in the Board's view the finding in the Decision under appeal that the cause of non-compliance with the time limit was removed on the date on which notification of the Decision to refuse was delivered by post to the representative's office (even though neither the representative nor the Appellant knew of such Decision until more than six months later) is wrong.
- iii) Furthermore, in the Board's view the relevant "omitted act" in respect of the second Application for re-establishment (the subject of the Decision under appeal) is the failure to file an appeal in due time, not the failure to pay the grant and printing fees and to file translations of the claims in due time.

3. In the "Medical Biological" Decision, it is held that, under the proper interpretation of Rule 51(4) EPC, if following a Communication under Rule 51(4) EPC, within the three month period the Applicant does not communicate his disapproval of the proposed text, does not pay the fees for grant and printing, and does not file translations of the claims, the Application shall be deemed to be withdrawn upon expiry of such three month period pursuant to Article 97(3) and (5) EPC.

In the present case, as set out in I above, by letter dated 11 November 1983 in response to the first Communication under Rule 51(4) EPC dated 17 August 1983, the Appellant did communicate what was accepted by the Examining Division as disapproval, as a result of which examination was resumed and pursuant to Rule 51(4) EPC such Communication was deemed not to have been made. In response to the second Communication under Rule 51(4) EPC dated 9 December 1983, there was no action of any sort by the Appellant within the three month period which expired on 19 March 1984. Following the "Medical Biological" Decision, by operation of law the patent application must therefore inevitably be regarded as deemed to be withdrawn on that date, under Article 97(3) and (5) EPC.

For the purpose of the present Decision, it is unnecessary for the Board to consider whether, in the light of the "Medical Biological" Decision, the letter dated 11 November 1983 was correctly accepted by the Examining Division as a communication of "disapproval" within the meaning of Rule 51(4) EPC.

In the "Medical Biological" Decision, it was also held that following expiry of the three month period under Rule 51(4) EPC, if the Application is deemed to be withdrawn, the Examining Division thereafter has no power

to issue a decision to refuse the application under Article 97(1) EPC. Similarly in the present case the Examining Division had no power to issue the Decision dated 7 May 1984, and that Decision was therefore void *ab initio*. The Appellant therefore lost no further rights by virtue of that Decision.

4. There can be no cause for filing an appeal in respect of a decision which is void *ab initio*. By failing to file such an appeal within the two month time limit of Article 108 EPC, the Appellant lost no (further) rights or means of redress. There is therefore no basis under Article 122(1) EPC for the Application for re-establishment of the right to file an appeal against the Decision dated 7 May 1984. There is and was no need for such an Application.
5. Since the Decision dated 7 May 1984 was void, the Application for re-establishment of the right to file an appeal against that Decision must be regarded as made without cause. Consequently the fee in respect of such Application was never due and should be refunded.
6. Since the Application for re-establishment which is the subject of this appeal is regarded as made without cause, the Decision dated 30 October 1985 in respect of that Application must be set aside and this appeal must be allowed.

Application under Article 122 EPC filed 23 January 1985

7. As stated in point III above, on 23 January 1985 the Appellant filed an Application for re-establishment of the rights in his patent application, following his failure to comply with the formal requirements of Rule 51(4) EPC

within the three month period. This application has not been the specific subject of a decision from the Examining Division.

Article 122(4) EPC states that "The department competent to decide on the omitted act shall decide upon the application". In relation to the failure to pay grant and printing fees and to file translations of the claims, the Examining Division is in the first instance competent to decide upon such omitted acts. However, Article 111(1) EPC states that "the Board of Appeal shall decide on the appeal. The Board of Appeal may ... exercise any power within the competence of the department which was responsible for the decision appealed ...". In the circumstances of this case, the Board has decided, pursuant to Article 111(1), to exercise the power of the Examining Division to decide upon the application under Article 122 EPC filed on 23 January 1985.

8. The first question to be considered is whether the application satisfies the formal requirements of Article 122(2) EPC.

The time limit the subject of this application is the three month time limit for satisfying the formal requirements of Rule 51(4) EPC. The Communication under Rule 51(4) EPC was sent on 9 December 1984, and under Rule 78(3) it is deemed to have been notified to the Appellant on 19 December 1984. The three month period therefore expired on 19 March 1985. The Application for re-establishment was filed within the year immediately following expiry of this time limit.

According to paragraphs 19 to 24 of the Application, it appears that the Communication under Rule 51(4) EPC dated 9 December 1983 was received at the office of the

Appellant's representative shortly afterwards, but that its contents, and therefore the need to comply with the formal requirements of Rule 51(4) EPC within three months of its notification, were not made known to the representative (and therefore through him to the Appellant) until about 12 December 1984.

In the Board's view, the "cause of non-compliance" with the time limit was the fact that the representative was not aware (during the three month period) of the existence of the Communication or its contents. This factual situation continued until about 12 December 1984, when the representative investigated the relevant records in relation to this patent application. The "removal of the cause of non-compliance with the time limit" was therefore on or about 12 December 1984.

The reason why the representative was unaware of the existence of the Communication until 12 December 1984 is not relevant to the determination of the date of "removal of the cause of non-compliance with the time limit", which is a question of fact.

The Application was filed on 23 January 1985, which is within two months of the removal of the cause of non-compliance. The omitted acts, namely the formal requirements of Rule 51(4) EPC, were completed on 4 January 1985, also within the two month period. Therefore the Application satisfies all the formal requirements of Article 122(2) EPC.

9. The "Medical Biological" Decision contains a full discussion of the practice which has been followed within the EPO, as set out in the "Guidelines for Examination in the European Patent Office", and has held that such

established practice is inconsistent with the proper interpretation of the EPC. The effect of this Decision necessarily overshadows the present Application for re-establishment.

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In normal circumstances the Board would have to consider whether the Statement of Grounds for re-establishment is such as to establish that "all due care required by the circumstances" had been taken to observe the relevant time limit. In the present case a relatively brief discussion of this matter is appropriate.

The Statement of Grounds sets out in detail the system used in the representative's office for recording a time limit in a manual diary, a computer file, and in the representative's personal reminder system. However, in spite of the existence of such a seemingly comprehensive entry and checking system, it appears that the failure to observe the time limit was caused primarily by a failure to enter the time limit in the computer file. The lack of data in the computer file for this case was then later accepted as correct, in preference to the manual diary entry of the time limit, which was therefore deleted.

Thus the system in the representative's office which was supposed to ensure that payments to the EPO were made in due time did not include any effective cross-check. A simple failure by one person to make an entry of the time limit into the computer file resulted in non-payment of the fees and failure to file translations of the claims within the time limit specified.

The question whether a particular system used in a particular office to ensure that acts such as the payment of fees are completed in due time satisfies the requirements of "all due care" in Article 122 EPC must

depend upon the individual circumstances of each case. However, in a large firm where a large number of dates have to be monitored at any given time, it is normally to be expected that at least one effective cross-check is built into the system. For a cross-check to be effective, it is clearly essential that if the cross-check shows in a particular case an inconsistency between the data being checked and the data which is being used to cross-check, an investigation must then be carried out to ascertain which data is correct.

In the present case, although there was inconsistency between the data in the computer file and the data in the manual entry diary, it appears that the reason for the inconsistency was not investigated. Furthermore, it has not been established that the person who carried out the cross-check was under a duty to investigate an inconsistency in such circumstances. Therefore, on the information at present before the Board, the system in use in the representative's office could be open to criticism.

However, in the very special circumstances of the present case it is not necessary for the Board to make further enquiries in relation to the system used in the representative's office or to decide the question whether or not "all due care" was taken.

On the information at present set out in the Statement of Grounds, in the view of the Board it is understandable that the Examining Division considered that the requirement of "all due care" had not been demonstrated. However, when the system for entering time limits was set up within the representative's office, having regard to the published practice of the EPO it could not have been recognized that a time limit following a Communication

under Rule 51(4) EPC was absolute, in the sense that (in the absence of communication of disapproval of the text) failure to comply with the formal requirements of Rule 51(4) within the three months time limit resulted inevitably in the patent application being deemed to be withdrawn upon expiry of such time limit (as decided in "Medical Biological"). Under the established practice of the EPO as set out inter alia in the Guidelines, the possibility of complying with the formal requirements of Rule 51(4) EPC after expiry of the three month time limit, without loss of rights in the patent application, was clearly envisaged.

If the time limit under Rule 51(4) EPC had been known in the representative's office to be absolute in the above sense, the history of this case may well have been different.

Thus in the view of the Board, it is reasonable to assume that in the circumstances of this case, the published practice of the EPO was at least a contributory factor to the failure to observe the time limit. In such circumstances, the Board can scarcely refuse the present application for re-establishment; and it therefore considers that in spite of all due care required by the circumstances having been taken, the Appellant was unable to observe the three month time limit following the Communication under Rule 51(4) EPC which was sent on 9 December 1983. The Application for re-establishment of rights in the patent application is therefore allowed..

In the light of the "Medical Biological" Decision, there is no basis on which a further Communication under Rule 51(4) EPC could be issued.

Reimbursement of the appeal fee

10. Although there has been no request for reimbursement of the fee for appeal, as the Board has allowed the appeal it should also consider whether this fee should be reimbursed under Rule 67 EPC. Clearly in the light of the "Medical Biological" Decision the issuing of the Decision to refuse dated 7 May 1984 was a substantial procedural violation. In the view of the Board, the requirement by the Formalities Section in its letter dated 5 February 1985 that an application for re-establishment in respect of the time limit for filing a appeal from that Decision was a further substantial procedural violation. However, having regard in particular to the view of the Formalities Section, which is supported by the Board, that on the information contained in the Application for re-establishment it has not been established that "all due care required by the circumstances" was taken, in the Board's judgement it would not be equitable in the circumstances of this case to order reimbursement of the appeal fee.

Order

For these reasons, it is decided that:

1. The Decision of the Formalities Section of the Examining Division dated 3 October 1985 is set aside.
2. European patent application No. 80 300 163.5 is deemed to have been withdrawn following the failure to comply with the formal requirements of Rule 51(4) EPC within the prescribed time limit.

3. The application under Article 122 EPC for re-establishment of rights filed on 23 January 1985 is allowed, and therefore the rights of the Appellant in European patent application No. 80 300 163.5 are re-established.

4. The fees in respect of the application under Article 122 EPC filed on 11 March 1985, and in respect of the appeal filed on 2 December 1985, should be refunded.

The Registrar:

J. Rückerl

The Chairman:

P. Ford

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