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File Number: J 13/90
Application No.: 85 306 182.8
Publication No.: 0 174 170
Title of invention: -

Classification: -

D E C I S I O N
of 10 December 1992

Applicant: Castleton Inc.

Headword: Omitted payment not completed/CASTLETON

EPC Art. 122(2)

Keyword: "Re-establishment of rights - omitted payment not completed - principle of good faith - obligation to warn Applicant of any impending loss of rights - time limit for correction of the deficiency"

Headnote

1. Since relations between the EPO and the applicant are governed by the principle of good faith, the legitimate expectations of parties to the proceedings must not be violated (Enlarged Board of Appeal G 5, 7, 8/88, OJ EPO 1991, 137).
2. The principle of good faith requires the EPO to warn the applicant of any impending loss of rights if such a warning can be expected in all good faith.
3. A warning can be expected if the deficiency is readily identifiable for the EPO and the applicant can still correct it within the time limit (T 14/89, OJ EPO 1990, 432 followed).
4. If a warning can be expected but is not issued to the applicant within the time limit to be observed, the EPO must set a period in which the applicant can correct the deficiency and perform the procedural act in due time.



**Europäisches
Patentamt**

**European
Patent Office**

**Office européen
des brevets**

Beschwerdekammern

Boards of Appeal

Chambres de recours

Case Number : J 13/90

D E C I S I O N
of the Legal Board of Appeal
of 10 December 1992

Appellant : Castleton Inc.
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Representative : Denmark, James
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5 York Place
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Decision under appeal : Decision of the Receiving Section of the EPO dated
9 February 1990 refusing a request for re-
establishment into the time limit pursuant to
Article 86(2) EPC in respect of the fourth year for
the European patent application No. 85 306 182.8.

Composition of the Board :

Chairman : O. Bossung
Members : R. Schulte
J.-C. Saisset

Summary of Facts and Submissions

- I. European patent application No. 85 306 182.8 was filed on 30 August 1985. The fourth-year renewal fee due on 31 August 1988 was not paid within the period laid down in Article 86(2) EPC which ended on 28 February 1989.
- II. In a letter dated 3 August 1989 - the original of which is not recorded as having been received by the European Patent Office and a copy of which was received on 21 September 1989 together with a letter dated 18 September 1989 - the Applicants requested re-establishment of rights in respect of the non-observed time limit. In a letter dated 17 August 1989 and received on 23 August 1989 the Applicants referred to their request for re-establishment of rights of 3 August 1989 and forwarded statutory declarations by Mr Denmark of 16 August 1989, Mr Codron of 9 August 1989 and Mr Coelho of 14 August 1989, to whose contents attention is drawn.
- III. Apart from the request for re-establishment of rights, the letter of 3 August 1989 contained the following statement:

"The fee of £43.00 for the application for restitution is enclosed, and the applicant undertakes to pay any outstanding fees due and any fines in the event that the application is restored.

The Applicant first became aware of the fact that the application had lapsed in July 1989 and therefore has filed this application promptly and within the due time.

Evidence concerning the circumstances which prevented the applicant from meeting the time limits will be submitted by a Statutory Declaration shortly."

- IV. The £43.00 fee for re-establishment of rights was paid in the form of a cheque written on 3 August 1989. A copy of the cheque receipt-stamped by the EPO on 7 August 1989 was forwarded to the Applicants' professional representative.
- V. The Applicants paid the renewal fee for the fourth year together with the additional fee on 15 January 1990.
- VI. The Receiving Section of the European Patent Office rejected the request for re-establishment of rights in respect of the time limit for payment of the fourth-year renewal fee. The request had been filed within the period laid down in Article 122(2) EPC, since the Applicants had not realised until July 1989 that the application had lapsed. However, the omitted act - payment of the fourth-year renewal fee - had not been completed within the two-month period for re-establishment of rights. The intention expressed in the letter of 3 August 1989 to pay the fee plus the additional fee once re-establishment had been granted was not sufficient because this was clearly at variance with Article 122(2) EPC. The Office had not received the letter of 3 August 1989 until 21 September 1989, so the professional representative could no longer have been warned that he had failed to complete the formalities required for observance of the period under Article 122(2) EPC governing requests for re-establishment of rights.
- VII. The Applicants filed an appeal against the Receiving Section's decision and paid the appropriate fee. In the Statement of Grounds enclosed with the appeal the Appellants requested that the contested decision be set aside and their rights be re-established in respect of the period of grace for payment of the fourth-year renewal fee. In their main submission they invoked the principle

of good faith claiming that late payment of the renewal fee plus additional fee could not be held against them. In their letter of 3 August 1989 they had specifically undertaken to pay the fee and additional fee once re-establishment had been granted. In other words they had made it clear that they were in error concerning the need for payment within the two-month period. If the letter had not been mislaid by the EPO their error could have been clarified and payment made within the time limit.

VIII. The Applicants substantiated their request for re-establishment of rights as follows. As a small American company with about 15 employees they had been negotiating with another American company in early 1988 concerning the transfer of certain business activities. Responsibility for patent applications was also to have been transferred to the other company. The American and European patent attorneys in the other company were to have replaced the Applicants' previous attorneys and action was initiated to effect the change of attorney. In the list of patent applications to be taken over, the next renewal fee due in respect of the application in question was for the fifth year. The Applicants had informed their earlier American patent attorney that he should cease work on these cases and record any deadlines coming up in the following 60 days. The due date for the fourth-year renewal fee was not included in this list. The Applicants had assumed that fees would henceforward be paid by the other American company's patent attorney. However, the planned link-up between the two companies foundered, so the fees were not paid by the other company.

Reasons for the Decision

1. The appeal is admissible.
2. The request for re-establishment was filed within the two-month period laid down in Article 122(2) EPC. The first sentence of that provision stipulates that the period begins as from the removal of the cause of non-compliance. According to the Applicants' statement in the letter of 3 August 1989 they realised in July 1989 - i.e. by 31 July at the latest - that the application had lapsed by virtue of the failure to pay the renewal fee in respect of the fourth year. The two-month period under Article 122(2) EPC thus expired on 2 October 1989. The Applicants' letter of 17 August 1989 requesting re-establishment of rights, and that of 18 September 1989 enclosing a copy of the letter of 3 August 1989, were therefore received in due time.
3. Under Article 122(2), second sentence, EPC the omitted act - i.e. payment of the renewal fee for the fourth year plus the additional fee - must also be completed within the two-month period. This fee was not paid until 15 January 1990, i.e. out of time. It was for this reason that the Receiving Section rejected the request for re-establishment of rights as inadmissible.
4. Having reviewed the contested decision the Board of Appeal has reached the conclusion that the Receiving Section should not have rejected the request for re-establishment of rights as inadmissible. In issuing its decision the Receiving Section did not take account of the fact that in their letter of 3 August 1989 - a copy of which was enclosed with the letter of 17 August 1989 - the Applicants specifically stated that apart from the re-establishment fee they undertook to pay any outstanding fees due and any fines once the application was restored.

This statement made it quite clear to the Receiving Section that the request for re-establishment of rights contained an obvious and easily corrected deficiency which would lead to the request being found inadmissible if it were not corrected.

5. In such a situation the European Patent Office's task is to warn the applicant of the deficiency and its consequences. This obligation stems from the principle of good faith governing relations between the Office and the Applicant - a principle recognised as a source of law in the Office's decisions. In its decision of 16 November 1990 (G 5/88, G 7/88, G 8/88, OJ EPO 1991, 137) the Enlarged Board of Appeal rightly pointed out that the protection of legitimate expectations is one of the main principles now well established in European Community law and generally recognised among the Contracting States and in jurisprudence of the Boards of Appeal (see point 3.2 of the Reasons). In complying with this principle of protection of legitimate expectations the Office too must behave towards the applicant in such a way that, wherever possible, an avoidable loss of rights does not occur. Any measures taken by the EPO in the course of proceedings should not therefore violate the legitimate expectations of parties to such proceedings (Enlarged Board of Appeal, loc. cit.). That means that the EPO must not perform any acts which could be misunderstood by the addressee and thereby lead to a loss of rights (Enlarged Board of Appeal loc. cit.; J 2/87, OJ EPO 1988, 330, 334; J 3/87, OJ EPO 1989, 3; J 1/89, OJ EPO 1992, 17) and at the same time must not omit any acts which the party to the proceedings could legitimately have expected and which might well have helped avoid a loss of rights (T 14/89, OJ EPO 1990, 432).

6. In accordance with the principle of good faith, therefore, the European Patent Office is obliged to warn users of the

European patent system of omissions or errors which could lead to a final loss of rights. A warning will always be necessary when one can be expected in all good faith. That presupposes that the deficiency can be easily identified by the European Patent Office and the applicant is in a position to correct the deficiency and thereby avoid the impending loss of rights. It would be taking the principle of good faith too far to expect the Office to warn the applicant of deficiencies in every case - even when the deficiency is not readily identifiable or the Applicant can no longer avoid the legal detriment by correcting it because, for example, the obviously omitted act cannot be completed within the time limit.

7. In the present case the Board considers that the Receiving Section should have warned the Applicants that it would not be sufficient to pay the renewal fee for the fourth year plus the additional fee after re-establishment had been granted. The Applicants had specifically undertaken in their request for re-establishment to pay any outstanding fees due and any fines in the event that the application was restored. They were evidently confusing the provisions of Article 122(2), second sentence, EPC with those of national law which would have allowed them to pay the missing fee after re-establishment had been granted. The deficiency in the request for re-establishment which - were it not corrected - would render the request inadmissible was expressly mentioned in the request itself and was therefore readily identifiable for the European Patent Office. In these clear circumstances the Board considers that the Office department responsible should have warned the applicants that the missing renewal fee for the fourth year plus the additional fee had to be paid within the two-month period laid down in Article 122(2), second sentence, EPC.

8. If that department had drawn attention to the clearly omitted but necessary payment, the Board feels sure that the Applicants would have paid the missing fee in due time rather than leaving it until 15 January 1990 since there was still sufficient time to do so.

The EPO has no record of receiving the letter of 3 August 1989. There is evidence to suggest, however, that the letter was received but can no longer be found. The letter contained a cheque for £43 in respect of the fee for re-establishment of rights and this was cashed on 7 August 1989. It could be concluded from this, therefore, that the letter of 3 August 1989 must have been received by the European Patent Office together with the cheque.

However, even if it were assumed that the original of the letter of 3 August 1989 did not reach the European Patent Office, a copy of that letter was forwarded to the Office together with a letter dated 18 September 1989 and received on 21 September 1989. In other words, the Office department responsible was at least able on 21 September 1989 - nine days prior to expiry of the re-establishment period on 2 October 1989 - to realise the obvious and expressly mentioned deficiency in the request for re-establishment - i.e. failure to complete the omitted act by paying the renewal fee for the fourth year plus the additional fee.

In these circumstances the Board considers that by 21 September at the latest the Office department responsible was obliged to warn the applicants of the deficiency since this would have been easy to correct and there was still sufficient time to do so. It should be borne in mind in this context that modern means of communication enable simple deficiencies to be corrected at short notice.

9. If, contrary to its obligation to act in accordance with the principle of good faith, the EPO fails to draw the Applicant's attention to a deficiency, it cannot claim that a loss of rights has ensued if the deficiency is later corrected. Instead it must set a period in which the Applicant can correct the deficiency without loss of rights (T 14/89, OJ EPO 1990, 342). It is not necessary to set an additional period in the present case because the Applicants already paid the fourth-year renewal fee plus the additional fee on 15 January 1990.

10. For the above reasons the request for re-establishment should, contrary to the contested decision, be considered admissible. Since the contested decision rejected the request for re-establishment on the grounds that it was inadmissible, it must be set aside. The Board could therefore remit the case to the department of first instance in accordance with Article 111 EPC, but in view of the application's age it has decided not to do so.

11. The Applicant's rights can be re-established because they acted with all due care required by the circumstances. Being a small firm with about 15 employees they had been in the process of negotiating a takeover with another company. In the course of the negotiations a change of attorney had taken place. The negotiations had foundered so the planned transfer of responsibility for renewal fee payments had not materialised. As a result of the unforeseeable breakdown in negotiations plus the fact that action had already been taken to replace the previous attorney, payment of the fourth-year renewal fee had been overlooked. This isolated mistake in a special situation is, in the Board's opinion, excusable and the requested re-establishment of rights can therefore be granted.

Order

For these reasons it is decided that:

1. The contested decision is set aside.
2. The Applicants are granted re-establishment of rights in respect of the non-observed period for payment of the fourth-year renewal fee plus the additional fee.

The Registrar:

The Chairman:

M. Beer

O. Bossung