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Datasheet for the decision of 5 February 2007

Case Number: T 0163/03 - 3.2.06

Application Number: 91112053.3

Publication Number: 0467372

IPC: B23B 5/06

Language of the proceedings: EN

Title of invention:
Valve seat bushing machining apparatus

Patent Proprietor:
Unova Industrial Automation Systems, Inc.

Opponent:
GROB-WERKE GMBH & CO. KG

Headword:
-

Relevant legal provisions:
EPC Art. 54(2), 111, 114

Keyword:
"Public prior use - yes"
"Remittal to first instance - yes"

Decisions cited:
-

Catchword:
-

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Beschwerdekammern | Boards of Appeal | Chambres de recours

Case Number: T 0163/03 - 3.2.06

D E C I S I O N
of the Technical Board of Appeal 3.2.06
of 5 February 2007

Appellant: (Opponent)
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Decision under appeal:
Decision of the Opposition Division of the European Patent Office posted 5 December 2002 rejecting the opposition filed against European patent No. 0467372 pursuant to Article 102(2) EPC.

Composition of the Board:

Chairman: P. Alting van Geusau
Members: G. Kadner
W. Sekretaruk
G. Pricolo
R. Menapace

Summary of Facts and Submissions

I. The appeal is from the decision of the Opposition Division posted on 5 December 2002 rejecting the opposition against European patent No. 0 467 372, granted in respect of European patent application No. 91 112 053.3. Its claim 1 reads as follows:

"Apparatus for machining an annular valve seat and associated concentric valve guide of a workpiece (W), with a support (63) for the workpiece, a tool head (16), means (18, 20, ...) supporting said tool head adjacent said workpiece support (63) for rotation on an axis aligned with the valve guide of the supported workpiece and for axial movement toward and away from the supported workpiece (W), a toolslide (24), a cutting tool (14) mounted on said tool slide, guide means (26) mounting said tool slide on said tool head for movement of said tool on a line which intersects said axis of rotation, and first power means (28) for axially rotating said tool head,
characterized by a reamer (12) mounted on said tool head (16) coaxially with the axis of rotation of said tool head (16), second power means (64) operative to axially move said tool head (16), third power means (66) operative to move said tool slide (24) along said guide means (26), means (74)operative to axially move said reamer (12) relative to said tool head (16), and control means (80) for coordinating the operation of said second (64) and third (66) power means, and said means to axially move said reamer, to cause said reamer (12) to machine said valve guide and said cutting tool (14) to machine said valve seat."

II. In the decision under appeal the Opposition Division, on the written evidence and after having heard three witnesses, held that the prior use relied upon by the Opponent as the sole ground for the opposition, namely an apparatus for machining annular valve seats of the engine head M60 which had been developed and delivered by the Opponent for/to Bayerische Motorenwerke AG ("BMW") upon order by the latter and allegedly incorporating all relevant features of the apparatus claimed in the patent in suit, could not be considered part of the state of the art at the date of priority of the opposed patent. In particular the Opposition Division took the view that the Opponent had not provided sufficient evidence to show that no secrecy agreement existed between the two partners in respect of said apparatus as developed under the so-called Simultaneous Engineering ("SE") concept. This conclusion was also reached in view of the fact that the Opponent had not submitted any written contract or agreement on the terms and conditions of this Simultaneous Engineering project in general or on the stipulations concerning confidentiality and mutual obligations to secrecy in particular.

III. Against this decision the Appellant (Opponent) filed an appeal, received at the EPO on 5 February 2003, and at the same time paid the appeal fee.

With the statement setting out the grounds of appeal and received at the EPO on 4 April 2003, the Appellant, further to evidence concerning offers of similar machines to other customers several years before the priority date of the patent in suit, filed further evidence in support of the prior use alleged by him, including inter alia:

- "Vertrag" (contract) between Opponent and BMW, signed on 31 March / 28 May 1988 (henceforth: "the contract D20"). In its Chapter 5 "Geheimhaltung" (= Maintenance of Secrecy) it is stipulated under Point 5.1 [in translation]:
GROB undertakes - also beyond the duration of this contractual relationship - to keep strictly confidential any knowledge concerning the BMW product gained in carrying out the present contract or in connection therewith.",
Point 5.2 starting with the words "*GROB [the appellant] undertakes ...*" and
Point 5.3 with "*GROB shall ...*";
Point 6.3 reads [in translation]:
BMW is granted free of charge a non-exclusive licence in respect of any of GROB's intellectual property rights which have arisen or will arise during the term of the contract in respect of the project defined in Point 1;
Point 7.1 stipulates that the contract shall cease at the end of the year 1988 the latest.

- "Besuchsbericht" (henceforth: "report D21") dated 14 February 1990 concerning a meeting between three employees of BMW and one Mr. Högl of the Opponent concerning the SE engineering project, in particular the approval of the technical documentation by BMW, drawing standards and BMW information regarding various technical specifications.

IV. Oral proceedings were held on 5 February 2007. In particular, the following documents were discussed:

- Copy of an order from the company Bayerische Motorenwerke AG, München, (BMW) to the company Ernst Grob GmbH & Co. KG Werkzeug- und Maschinenfabrik (GROB) for a machine tool for processing of valve seats and stem guides for the internal combustion engine head M60 (D1).

- Drawing GM 3256-11-106 of a machine tool designed to perform the above manufacturing steps on the engine head (D2). The drawing is dated 11.05.90 and bears the rubber stamped remark "Begutachtungseinwand" dated 30.5.90 and signed by Mr. Seibold (employee of BMW and heard as a witness by the Opposition Division)

- Simultaneous Engineering contract between GROB and BMW dated 31 March/ 28 April 1988 (D20).

- Visit report of an employee of GROB at BMW on 24 January 1990 (D21).

V. The appellant requested that the decision under appeal be set aside and that the patent be revoked.

VI. The respondent requested that the appeal be dismissed.

VII. In support of its requests the Appellant essentially made the following submissions:

No mutual obligation to secrecy existed between the Opponent and BMW, because the companies were in a supplier-customer relationship, the Opponent having to design and build a machine tool for processing valve seats. Under the contract D20, chapter 5, only the Opponent was under an obligation to secrecy in respect

of the products developed by BMW, whereas the latter was free to unrestrictedly use any technology and relevant knowledge gained from the Opponent in the framework of the SE project.

Whilst the purchasing conditions of BMW in force at the time of the prior use could not be presented, the public availability of the know-how which could be gained from the drawing D2, which showed all features of the invention in dispute and was passed on to BMW on 10 May 1990, had been confirmed in an absolutely credible manner by the three witnesses heard by the Opposition Division. The Opponent had no interest in keeping these features secret, because previously it had already delivered machine tools with almost identical technology to Adam Opel AG and Volkswagen AG. In turn, for BMW it was crucial to have its product, namely the engine head under development, kept secret, but not the features of the machine tool for the valve seats which it was about to purchase from the Opponent or possibly also from another supplier. After all, in contrast to a joint venture, where the partners share the costs and risks of developing a new technology, the purpose of the SE concept as agreed upon between the Opponent and BMW was to save time by preparing for the manufacture of a new product in parallel with its development.

No relevant secrecy obligation existing for the stipulated term of the contract D20, there was absolutely no reason to assume an obligation of confidentiality regarding the same matter after expiry of that contract.

All three witnesses who had been heard by the Opposition Division had denied that there existed an agreement of secrecy concerning the machine tool in question, as it contained nothing new. More specifically, the witness Seibold, a former employee of BMW, testified that he had been free to show the tool head of the drawing D2 to other suppliers of BMW.

The fact that the contract D20 did not contain any provision for the case that BMW used and spread the know-how gained from the SE project and the fact that the witnesses did not mention any negative consequences of such an occurrence, e.g. compensation for damages, were further indications of the absence of any relevant obligation to secrecy on the part of BMW.

In summary, all information derivable by a skilled person from the drawing D2 (which showed all the features of the process claimed in the patent in suit) became available to the public when the drawing was given to BMW before the priority date of the patent in suit.

VIII. The Respondent's submissions were essentially the following:

As a matter of principle, employees are bound to secrecy in regard to all information gained in connection with their work. This was also valid for the witness Seibold, an employee of BMW.

Several provisions of the contract D2 indicated clearly that the cooperation between the Opponent and BMW was actually not a supplier-customer relationship, but a

joint venture for which confidentiality usually is implicitly agreed. The statements of the witnesses that there had not been any obligation of secrecy were in contradiction to chapter 5 of the contract D20, which contained an explicit and specific stipulation of confidentiality.

The drawing D2 was dated more than a year after expiry of the contract D20 (at the end of the year 1988) and nothing had been proven as to the contractual relationship (Opponent - BMW) thereafter. Since the general purchasing conditions of BMW referred to in the order D1 had not been submitted, the contractual basis for providing the drawing D2 to BMW was not clear. Therefore it was not proven that an understanding of non-confidentiality existed in respect of the content of that drawing.

Since the Opponent was bound to secrecy concerning the products developed by BMW, also other suppliers, to whom allegedly the technical content of D2 could be freely disclosed, would have been under a corresponding obligation of secrecy. D2 showed not only the tool head designed by the Opponent, but also the engine head designed by BMW, and contained further specifications as to cycle time, cutting speeds and numbers of revolutions. Thus the drawing contained also know-how of BMW and, therefore, it had to be treated confidentially. As a consequence, the content of D2 had not become state of the art.

Reasons for the Decision

1. The appeal is admissible.

2. On appeal, the Appellant (Opponent) no longer relied on a prior use in the form of unrestricted delivery of a valve seat bushing apparatus for cylinder heads "M60" to BMW, but exclusively on the contention that the technical details of that apparatus as shown in the drawing D2 became state of the art when this drawing was given, without any confidentiality restriction, to BMW in May 1990, i.e. before the priority date of the patent in suit (20 July 1990).

3. As pointed out in the decision under appeal, no written evidence concerning the mutual obligations of secrecy of the partners of the SE project had been supplied to the Opposition Division, in particular not the written secrecy agreement which, as stated by the witness Schlesinger, had been concluded between the Opponent and BMW, because the SE concept, under which the definition and preparation of the manufacturing means was started already in the development phase of the project, necessitated pooling knowledge at a very early stage. It is fully comprehensible for the Board, that under these circumstances and in view of the apparent interest of BMW to keep the technical features of its own product secret, the Opposition Division, even in the light of the witnesses' statements, had serious doubts about the Opponent's contention, that on or before the priority date of the patent in suit no relevant obligation of secrecy existed and therefore held that the prior use had not been fully proven.

4. However, a new situation was created when, together with the grounds of appeal, the agreement was eventually filed as document D20, which is a copy of the written contract concluded between the Opponent and BMW for the SE project in question. As the contract D20 contains express provisions on secrecy, it is highly relevant for the issue of confidentiality, which in the present case is decisive for the outcome of the appeal proceedings. For that reason and in conformity with the jurisprudence of the Boards of Appeal concerning late filed documents, document D20 was admitted into the proceedings, as was document D21 which equally contributes to establishing relevant details of the contractual relationship between the Opponent and BMW as the two partners of the SE project, in particular regarding its duration. This means that in view of the potential relevance of the subject-matter of the alleged prior use (see point 5 below) the Board has to re-examine in particular the issue of confidentiality by considering and assessing the evidence underlying the decision under appeal in combination with the Documents D20 and D21, in order to answer the question as to whether the alleged prior use meets the requirements for being acknowledged as prior art within the meaning of Article 54(2) EPC.

5. *The subject-matter of the alleged prior use*

The alleged prior use was based on drawing D2 which shows an apparatus for machining an annular valve seat and associated concentric valve guide of a workpiece comprising a tool head, a toolslide, a cutting tool mounted on said toolslide, guide means mounting said tool slide on said tool head for movement of said tool on a line which intersects said axis of rotation, and a

reamer mounted on said tool head coaxially with the axis of rotation of said tool head. Although the drawing does not explicitly disclose some of the features of claim 1, namely a workpiece and tool head supports, first, second and third power means, and control means, the skilled person being aware of the purpose of that apparatus would derive from the drawing that these further features are indispensable for the operation of the apparatus shown. Thus the subject-matter of the prior use as a whole is relevant in respect of novelty and/or inventive step of the apparatus of claim 1.

6. *The date of the alleged prior use*

Considering the fact that D2 bears Mr. Seibold's signature dated 30.5.90 (see Point IV above), and his testimony as witness (see in particular pages 2 and 3 of the minutes), the Board is satisfied that at the latest at said date the technical content of drawing D2 was made available to (an employee of) BMW.

7. *Disclosure to a member of the public*

7.1 There is no need to decide whether the SE project at issue qualifies as a joint venture which lead to implicit secrecy obligations of the Opponent and/or BMW. Where, as here, the terms and conditions of a technical cooperation, including related obligations of secrecy, have been explicitly specified and agreed upon by the partners of the cooperation by way of a written contract (here: D20), the contractual provisions prevail and leave no room for construing implicit obligations of the parties which differ from or are incompatible with

anything which the partners, on proper interpretation of the contract, have fixed therein.

7.2 The issue of confidentiality is dealt with in the contract D20 specifically and exclusively in Points 5.1 to 5.3 under the heading "5. Secrecy", all three provisions obliging the Opponent alone to secrecy and confidentiality respectively. Neither there nor elsewhere in the contract is mention made of any obligation to secrecy on the part of BMW or of any confidentiality to be respected by the latter. There is no reason whatsoever to assume, in the absence of any explicit secrecy obligation, that BMW could have nevertheless been under an implicit obligation to keep secret the manufacturing technology disclosed to it by the Opponent within the framework of the SE project. The object of the contract D20 was the planning and setting up of a complete offer of a production line for BMW's engine head "M60" while it was still under development (see Point 1.1 of D20). BMW had no interest in being bound itself to secrecy in respect of the Opponent's performance under the contract, as this would have put a restriction on the use of a technology which BMW had paid for and, indirectly, also on the manufacturing and thus the marketing of its own product, namely the M60 engine head. Quite to the contrary, BMW's interest in an unrestricted exploitation of the manufacturing technology which the Opponent had to provide under the SE contract is underlined by Point 6.3 of D20 wherein free licences to BMW are stipulated (see Point III above). Moreover, it appears from the witnesses' testimony that the responsible employees of both SE partners considered the manufacturing technology used within the SE project to be state of the art, so that

also for that reason they saw neither a need nor any legal obligation to keep that technology secret. If under these circumstances the parties had nevertheless agreed upon an obligation on BMW not to disclose to third parties relevant technical information obtained from the Opponent within the SE cooperation, they should and would have expressly stipulated so in the contract D20. They have not, with the consequence that in respect of any such technical information (any employee of) BMW qualified as a member of the public within the meaning of Article 54(2) EPC.

7.3 This conclusion is not refuted by a possible interest of BMW to keep details of the SE project and related know-how secret (cf. Point 5.3 of the contract D20), at least until the M60 engine was put on the market. Even if BMW itself had imposed on its employees or third parties confidentiality in this respect, vis-à-vis the Opponent it was not bound to do so. In other words, if it had passed on any information obtained from the Opponent in performing the SE contract, BMW would not have acted in breach of that contract, and that is decisive for its qualification as a member of the public.

7.4 This interpretation of the SE contract and the underlying intentions of the parties is not at variance with the reference, in Point 6.3 of the contract D20, to intellectual property rights which the Opponent may acquire in connection with the SE project. It merely means that, if the Opponent wanted to seek patent protection for (new) technical information related to the SE cooperation, it had to file a corresponding patent application before passing such information on to BMW.

7.5 As to the Respondent's argument, that the absence of confidentiality in respect of the drawing D2 was not proven, because it was given to BMW more than a year after expiry of the contract D20 (at the end of the year 1988) and nothing had been proven as to the contractual relationship Opponent - BMW thereafter (Point VIII above), the Board observes the following: The SE project underlying the contract D20 was not limited to the mere planning of the production line ("Fertigungsanlage"), but was directed to the delivery of the production line for the M60 engine heads to BMW in time for taking up the production of the engine heads, as soon as their development by BMW was finished. This is supported by BMW's order of the production line in March '89 (D1 is dated 08.03.89 and makes express reference to contract D20) and the visit report D21 on a discussion, inter alia of the form and content of drawings concerning the SE project for the M60 engine heads, between the Opponent and BMW on 24 January 1990. From these circumstances and in the absence of any indication to the contrary, it must be concluded that the confidentiality defined in D20 did not end in 1988 but continued to apply unchanged when BMW received the drawing D2 in May 1990. This finding is also in line with the witnesses' statements (one of them having been present at the meeting reported in D21) and by point 7.4 of the contract D20, according to which the obligation of secrecy survives the expiration of the contract.

8. For these reasons it is established that before the priority date of the patent in suit the technical content of the drawing D2 became state of the art within the meaning of Article 54(2) EPC.

9. *Remittal to the first instance*

As the state of the art so defined has not yet been considered in the opposition proceedings underlying the present appeal and both parties have requested so, the Board exercises its discretionary power under Article 111(1) EPC by ordering remittal of the case.

Order

For these reasons it is decided that:

1. The decision under appeal is set aside.

2. The case is remitted to the department of first instance for continuation of the opposition proceedings.

The Registrar: The Chairman:

M. Patin P. Alting van Geusau