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**Datasheet for the decision
of 24 May 2007**

Case Number: T 0123/05 - 3.5.02

Application Number: 93310281.6

Publication Number: 0604147

IPC: G07B 17/02

Language of the proceedings: EN

Title of invention:

Franking machine and method of franking comprising printing of two code elements

Patentee:

Neopost Limited

Opponent:

Pitney Bowes Inc.

Headword:

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Relevant legal provisions:

EPC Art. 111(1), 104(1), 123(2)

EPC R. 63(1)

Keyword:

"Inadmissible amendments - main and auxiliary requests (yes)"

"Apportionment of costs (yes)"

Decisions cited:

T 0930/92, T 0434/95, G 0004/92

Catchword:

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Case Number: T 0123/05 - 3.5.02

D E C I S I O N
of the Technical Board of Appeal 3.5.02
of 24 May 2007

Appellant: Neopost Limited
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Respondent: Pitney Bowes Inc.
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Representative: Avery, Stephen John
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Decision under appeal: Decision of the Opposition of the European
Patent Office posted 18 November 2004 revoking
European Patent No. 0604147 pursuant to
Article 102(1) EPC.

Composition of the Board:

Chairman: M. Ruggiu
Members: J.-M. Cannard
E. Lachacinski

Summary of Facts and Submissions

- I. The proprietor appealed against the decision of the opposition division revoking European patent No. 0 604 147. The reasons for the revocation were that the main request filed on 2 September 2004 during oral proceedings before the opposition division did not meet the requirements of Article 56 EPC and neither a first nor a second auxiliary request filed on 2 September 2004 met the requirements of Article 123(2) EPC.
- II. In the statement of grounds of appeal, the appellant requested maintenance of the patent on the basis of either the main request or the second auxiliary request of the appealed decision. The first auxiliary request of the appealed decision was withdrawn. The statement of grounds of appeal also requested that the opposition be returned to the opposition division for consideration as to inventive step in the event that the Board found the subject-matter of the second auxiliary request to comply with the requirements of Article 123(2) EPC. Furthermore, the appellant requested oral proceedings in the event that the patent could not be maintained as per the main request through written procedure.
- III. Independent claims 1 and 8 and dependent claim 5 of the main request of the appealed decision read as follows:

Claim 1:

"A franking machine including printing means (18) operable to print franking impressions (27, 28, 29) on mail items; electronic accounting and control means (10) operable to carry out accounting functions in respect of

values of postage charge selected for franking respective mail items and operative to utilise said selected value to maintain account records in respect of use of funds in franking a plurality of mail items and operative to control said printing means to print a franking impression on a mail item, said franking impression including a first item of postage information (28) comprising the selected value of postage charge, a second item of postage information (29) and a code derived from the first and second items of postage information characterised in that said accounting and control means (10) includes means operative to generate a multi-character code (31, 32, 34) which is changed for each of a series of mail items said multi-character code including an identifiable first code element (32) having a predetermined relationship with the first item of postage information (28) included in the franking impression and an identifiable second element code (34) having a predetermined relationship with the second item of postage information (29); said accounting and control means (10) being operative to control the printing means (18) to print the multi-character code (31, 32, 34) on the mail items with the first and second code elements (32, 34) being separately identifiable, in that each has a predetermined number of characters."

Claim 8:

"A method of franking mail items including the steps of inputting (41) a postage charge with which an item is to be franked; deriving a code (32, 34) from first postage information (28) comprising the postage charge and from second postage information (29); and printing (45) a franking impression including the first postage

information, the second postage information and the code characterised by the steps of storing a key and utilising said key to derive (46) a first code element (32) from said first postage information and a second code element (34) from the first postage information and the second postage information; said first code element (32) and said second code element (34) being printed as separately identifiable code elements (32, 34) in the printed franking impression, in that each has a predetermined number of characters."

Claim 5:

"A franking machine as claimed in any preceding claim wherein the accounting and control means (10) includes storage means (33) to store a security key and is operative to utilise the stored security key to generate at least one of the first and second code elements."

IV. Independent claims 1 and 7 according to the second auxiliary request of the appealed decision read as follows:

Claim 1:

"A franking machine including printing means (18) operable to print franking impressions (27, 28, 29) on mail items; electronic accounting and control means (10) operable to carry out accounting functions in respect of values of postage charge selected for franking respective mail items and operative to utilise said selected value to maintain account records in respect of use of funds in franking a plurality of mail items and operative to control said printing means to print a

franking impression on a mail item, said franking impression including a first item of postage information (28) comprising the selected value of postage charge, a second item of postage information (29) and a code derived from the first and second items of postage information characterised in that said accounting and control means (10) includes a counter (36) which is incremented for each mail item franked and means operative to generate a multi-character code (31, 32, 34) which is changed for each of a series of mail items said multi-character code including an identifiable first code element (32) derived from the first item of postage information (28) included in the franking impression, the first code element (32) being, for any given key, the same for each successive franking operation on the same date and for the same value of postage charge, an identifiable second element code (34) derived from the second item of postage information (29) and a third code element (31) corresponding to a count of said counter; said accounting and control means (10) being operative to control the printing means (18) to print the multi-character code (31, 32, 34) on the mail items with the first and second code elements (32, 34) being separately identifiable in that each has a predetermined number of characters."

Claim 7:

"A method of franking mail items including the steps of inputting (41) a postage charge with which an item is to be franked; deriving a code (32, 34) from first postage information (28) comprising the postage charge and from second postage information (29); and printing (45) a franking impression including the first postage

information, the second postage information and the code characterised by the steps of storing a key and utilising said key to derive (46) a first code element (32) from said first postage information, the first code element (32) being, for any given key, the same for each successive franking operation on the same date and for the same value of postage charge, and a second code element (34) from the first postage information and the second postage information; incrementing a counter (36) for each mail item franked; and the code comprises the first code element (32), the second code element (34) and a third code element (31) corresponding to a count of the counter (36), said first code element (32) and said second code element (34) being printed as separately identifiable code elements (32, 34) in the printed franking impression in that each has a predetermined number of characters."

Claim 4 of the second auxiliary request of the appealed decision is identical to claim 5 of the main request.

- V. In a communication dated 23 May 2006 accompanying summons to oral proceedings scheduled to take place on 19 December 2006, the Board observed, *inter alia*, that it had "found no basis in the application as filed for utilising a key to generate or derive the second code element 34" and that "this feature, which is contained in claims 5 and 8 of the main request and claims 4 and 7 of the auxiliary request, seems to extend beyond the content of the application as filed" (point 1.3 of the communication). The Board also observed (point 4.) that it was unlikely that the Board would decide to remit the case to the opposition division.

VI. On 30 November 2006, a copy of the Board's communication and summons was again sent to the appellant who had not received the communication and summons dated 23 May 2006 because a change of address had not been recorded in the file. The oral proceedings appointed for the 19 December 2006 were cancelled and new summons were issued for oral proceedings scheduled to take place on 24 May 2007.

VII. With a fax received at the EPO on 22 May 2007, the appellant advised that the proprietor would not be attending the appeal hearing scheduled for 24 May 2007, and hereby requested that the appeal be decided on its written submissions.

VIII. The oral proceedings took place on 24 May 2007 in the absence of the appellant.

The respondent argued *inter alia* that the claims according to both appellant's requests contravened Article 123(2) EPC for the reasons given in the response to the statement of grounds of appeal (page 4, penultimate paragraph) and in point 1.3 of the Board's communication.

The respondent requested an apportionment of costs because the behaviour of the appellant had hindered the respondent to make an informed decision whether to attend the oral proceedings or not. In particular, the appellant had not announced its intention not to attend the oral proceedings early enough before the date of the oral proceedings. Furthermore, the respondent had felt compelled to attend the oral proceedings because the

appellant had not excluded amending its submissions in writing.

- IX. At the oral proceedings of 24 May 2007, it was noted that the appellant (proprietor) requested that the decision under appeal be set aside, and that the patent be maintained in amended form on the basis of the main request filed during the oral proceedings of 2 September 2004 before the opposition division, or, if that was not possible, on the basis of the second auxiliary request filed during the oral proceedings of 2 September 2004, or, in the event that the Board found the subject-matter of the second auxiliary request to comply with the requirements of Article 123(2) EPC, that the opposition be returned to the opposition division for consideration as to inventive step.
- X. The respondent (opponent) requested that the appeal be dismissed and that the costs be apportioned so that the appellant (proprietor) reimburses the travel costs, accommodation costs and professional fees incurred by the respondent (opponent) for attending the oral proceedings on 24 May 2007.
- XI. At the end of the oral proceedings, the chairman declared the debate closed and announced the decision after the deliberation by the Board.

Reasons for the Decision

1. The appeal is admissible.

Contravention of Article 123(2) EPC

2. The amendments made during the opposition proceedings to the claims of the main request generate a franking machine and a method for franking mail items which both extend beyond the content of the application as originally filed and thus contravene Article 123(2) EPC.

2.1 In the main request of the appellant, the combination of apparatus claims 1 and 5 and the method claim 8 respectively cover a franking machine and a method which utilise a stored security key to generate or derive a first code element 32 and a second code element 34 of a multi-character code. Claims 1 and 8 of the main request result from the introduction in claims 1 and 8 of the patent as granted of features concerning the first code element 32 and the second code element 34. Since the respondent has observed in the reply to the statement of grounds of appeal (page 4, penultimate paragraph) that the two digit code 34 originally described depends only on the date and the value of the postage charge, it is legitimate to examine whether no fresh subject-matter has been introduced in the claims in relation to these code elements.

2.2 The printed franking impression described in the application as filed contains security data (a multi-character code) which comprises a four digit serial number 31 changed for each printing operation, a two digit code element 32 derived from the value of postage charge by utilising a stored security key and a two digit code element 34 **that is dependent only on the date and the value of postage charge** (published application, column 5, lines 30 to 40; column 5, line 54 to column 6,

line 6; column 6, lines 19 to 33). A franking machine and a method for franking mail items utilising a stored security key to generate or derive the second code element 34 are thus not contained in the application as filed. Accordingly, the second code element 34 of the franking machine and method covered by the claims of the main request is not disclosed in the application as originally filed.

- 2.3 The same considerations apply to apparatus claims 1 and 4 taken in combination and to method claim 7 of the auxiliary request.
3. The Board concludes therefore that the patent has been amended in such a way that the grounds for opposition mentioned in Article 100(c) EPC prejudice the maintenance of the patent.

Remittal to the first instance

4. In the communication annexed to the summons to oral proceedings, the Board pointed out that the main and auxiliary requests contravened Article 123(2) EPC and that it was unlikely that it would decide to remit the case to the opposition division. The appellant has had an opportunity to comment on the grounds on which the decision is based. The condition for the requested remittal is not satisfied. Exercising the discretionary power conferred by Article 111(1) EPC, the Board decided not to remit the case and took a final decision.

Apportionment of costs

5. The request for a different apportionment of costs relates to the travel costs, accommodation costs and professional fees incurred by the respondent for attending the oral proceedings on 24 May 2007.

6. According to Article 104(1) EPC, each party to the proceedings shall meet the costs he has incurred. As an exception to this principle, a Board of Appeal, for reasons of equity, may order a different apportionment of costs incurred in oral proceedings. Article 11a(1) of the Rules of Procedure of the Boards of Appeal specifies, "without limiting the Board's discretion", particular circumstances in which a different apportionment of costs may be ordered.
 - 6.1 According to the case law of the Boards of Appeal, 5th edition 2006, VII.C.8.2.4, another exception to the principle set out in Article 104(1) EPC, in which a different apportionment of costs may be ordered for reasons of equity, may be constituted by circumstances in which costs incurred for a party to attend oral proceedings are directly caused by the fact that the notice by another party which had decided not attend the oral proceedings was not filed in appropriate time before the oral proceedings (see for instance, T 930/92, OJ 1996, 191, point 3 of the reasons).

7. Following the case law of the Boards of Appeal, the Board decided that, in the present circumstances, the request for a different apportionment of costs should be granted for reasons of equity because the respondent had

no sufficient time available to make an informed decision whether to attend the oral proceedings or not.

7.1 In its reply to the statement of grounds of appeal (page 4, penultimate paragraph), the respondent mentioned that, according to the originally filed or granted specification, the two digit code 34 depends only on the date and the value of postage charge. In the communication annexed to the summons to oral proceedings (point 1.3), the Board observed that it "has found no basis in the application as filed for utilising a key to generate or derive the second code element 34" and that "this feature, which is contained in claims 5 and 8 of the main request and claims 4 and 7 of the auxiliary request, seems to extend beyond the content of the application as filed". The parties were reminded that they "may file any written submissions in preparation for the oral proceedings up to one month before the date scheduled for the oral proceedings" (point 5. of the communication).

7.2 The Board's communication was faxed to the appellant on 30 November 2006. Accordingly, the appellant was informed more than five months before the date set for the oral proceedings that its main and auxiliary requests, if they were not amended, would probably be rejected for the reasons given in point 1.3 of the Board's communication. The appellant thus has had the opportunity to inform the Board and the other party well in advance of its choice not to attend the scheduled oral proceedings. It was also clear that the objections raised in point 1.3 of the Board's communication could have been easily remedied to (for instance by deleting

claims 5 and 8 of the main request and claims 4 and 7 of the auxiliary request).

- 7.3 The objections raised in point 1.3 of the Board's communication were not considered in the written arguments of the appellant proprietor. No response to the communication was filed by the appellant before the date set by the Board. Instead with a fax dated 22 May 2007, i.e. only two working days before the date of the oral proceedings, the appellant simply informed the Board that he would not attend the oral proceedings scheduled for 24 May 2007 and requested the appeal to be decided on its written submissions.
- 7.4 The fax of 22 May 2007 did not clearly exclude that the written submissions of the appellant could be further amended. It is therefore apparent that the respondent could not be certain that the oral proceedings would deal only with the requests submitted by the appellant in the statement of grounds of appeal. In the absence of further submissions from the appellant, there would have been no need for the respondent to attend the oral proceedings. However, with only two days left before the oral proceedings, no sufficient time was available to clarify the intentions of the appellant, or to allow the respondent to modify its travel and accommodation arrangements.
- 7.5 Since the behaviour of the appellant has compelled the respondent unnecessarily to attend oral proceedings which contributed nothing new to the case, the Board considers it equitable that the respondent be reimbursed of the travel costs, accommodation costs and professional fees incurred for attending the oral

proceedings of 24 May 2007 (article 104(1), Rule 63(1) EPC). It should be noted that the professional fees for attending the oral proceedings do not include the professional fees incurred for the preliminary preparation for the oral proceedings.

8. The Board points out that, according to Article 11(3) of the Rules of Procedure of the Boards of Appeal, "The Board shall not be obliged to delay any step in the proceedings, including its decision, by reason only of the absence at the oral proceedings of any party duly summoned who may then be treated as relying only on its written case." Furthermore, this Board shares the view expressed in decision T 434/95 (not published) that the Enlarged Board of Appeal opinion G 4/92 (OJ 1994, 149) on the right to be heard is not relevant to its decision on costs, which relates to the procedural consequences of a party's action in choosing not to attend scheduled oral proceedings, because the opinion applied to substantive decisions on patents in suit, but not to the present case where no new facts have been presented in the oral proceedings by the party which attended.

Order

For these reasons it is decided that:

1. The appeal is dismissed.

2. The appellant (proprietor) shall reimburse the travel costs, accommodation costs and professional fees incurred by the respondent (opponent) for attending the oral proceedings on 24 May 2007.

The Registrar:

The Chairman:

R. Schumacher

M. Ruggiu