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**Datasheet for the decision
of 22 September 2014**

Case Number: T 1381/11 - 3.5.06

Application Number: 03726305.0

Publication Number: 1497727

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Language of the proceedings: EN

Title of invention:
METHOD AND SYSTEM FOR PARALLEL OPERATION AND CONTROL OF LEGACY
COMPUTER CLUSTERS

Applicant:
Advanced Cluster Systems, Inc.

Headword:

Relevant legal provisions:

Keyword:

Decisions cited:

Catchword:



Beschwerdekammern
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Case Number: T 1381/11 - 3.5.06

D E C I S I O N
of Technical Board of Appeal 3.5.06
of 22 September 2014

Appellant: Advanced Cluster Systems, Inc.
(Applicant) 65 Enterprise
Aliso Viejo, CA 92656 (US)

Representative: Evens, Paul Jonathan
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Cambridgeshire PE27 5PD (GB)

Decision under appeal: **Decision of the Examining Division of the European Patent Office posted on 27 December 2010 refusing European patent application No. 03726305.0 pursuant to Article 97(2) EPC.**

Composition of the Board:

Chairman D. Rees
Members: G. Zucka
C. Heath

Summary of Facts and Submissions

I. European patent application No. 03726305.0 was refused by written decision of the examination division dated 27 December 2010. On 28 February 2011, the applicant, Mr. Dean Dauger, filed an appeal via his European representative and paid the corresponding appeal fee.

The grounds of appeal were filed on 27 April 2011.

II. On 4 June 2013 the Office sent a communication to the appellant's representative noting that the 11th annual renewal fee had not been paid by the due date of 30 April 2013, and that it could still be paid, with a surcharge, up to the last day of the sixth calendar month following the due date. On 11 December 2013, the Office sent a notice of the loss of rights pursuant to Rule 112(1) EPC, no such payment having been made by this time, i.e. 31 October.

III. On 30 December 2013, the appellant's representative requested re-establishment of rights (restitutio in integrum) under Art. 122 EPC, and paid the corresponding fee for such request, as well as the 11th annuity plus the additional fee.

IV. As to the reasons for the re-establishment of rights, the representative pointed out the following: First, the European patent application had been transferred to Advanced Cluster Systems Inc. with agreement of 7 October 2012. Further, there appeared to have been a breakdown in communication between the original appellant Mr. Dauger, his US representative Mr. Karl Steins, and Mr. Zvi Tannenbaum for the assignee, Advanced Cluster Systems Inc.. It was stated that, after sending a letter of reminder in November 2012 (annexed to the submission) Mr Steins recollected a conversation with Mr. Dauger in which he was informed verbally of the transfer and that another US law firm handled patent work for the assignee. As a result he

assumed that the assignee would handle the renewal fee. Evidence was submitted that the June Office communication had been passed on to Mr. Steins by the European representative. A further, urgent, reminder was sent in October 2013 by the European representative to Mr. Steins who informed Mr. Dauger, who in turn notified Mr. Tannenbaum on 18 October 2013. The European representative sent another reminder to Mr. Steins on 29 October. However Mr. Dauger only received Mr. Tannenbaum's decision on 01 November 2013, after the final deadline had run out. According to the re-establishment request as filed on 30 December 2013, "(A)t no time was there any intention to abandon the application by non-payment of the 11th year renewal fee." Rather, a misunderstanding had occurred with the person in charge of these matters at Advanced Cluster Systems Inc., and the 31 October deadline was taken as an early reminder only.

V. The Board summoned to oral proceedings and pointed out by way of a preliminary and non-binding communication that, first, it appeared to be competent to decide on the request for re-establishment of rights, and, second, that provisionally, the Board was not convinced that all due care had been taken in trying to make a timely payment of the 11th annuity fee. It would therefore be likely for the request for re-establishment to be dismissed.

VI. In a response thereto, the appellant pointed out that an error had occurred when submitting the agreement on the transfer of the application from Mr. Dean Dauger to Advanced Cluster Systems. Such transfer had in fact occurred one year earlier than had been previously submitted, that is, on 7 October 2011. This meant that Advanced Cluster Systems had been responsible already for the 10th annuity that fell due in 2012. The fact that the 10th annuity had been paid on time showed that there was a satisfactory system in place in 2012, so that failure to pay the subsequent annuity was an isolated

mistake. This version of events was thus somewhat different from the one submitted in the original request of 30 December.

VII. In a brief communication, the Board stated that the argument advanced by the appellant did not change the board's preliminary opinion, and that oral proceedings would be held on 22 September as scheduled.

VIII. In a further letter shortly before oral proceedings, the appellant submitted that in fact Mr. Dean Dauger had only learnt from Mr. Steins about the 11th annuity in the correspondence of 18 October 2013. The letter of reminder written by Mr. Steins to Mr. Dauger dated 26 November 2012 had not been received. Nor had any conversation taken place between Mr. Dauger and Mr. Steins concerning this renewal. Further, that during the second half of October, Mr. Zvi Tannenbaum was under intense pressure due to problems with the renewal of his earthquake insurance. This version of events was thus again different from the previous two versions, and indeed appeared to contradict the first version.

IX. During oral proceedings held on 22 September 2014, Mr. Abraham representing the appellant did not comment on or dispute that the Board was competent to decide upon the issue of re-establishment of rights. As to the issue of whether all due care had been taken, Mr. Abraham elaborated on the events in the second half of October 2013. Mr. Dauger had been confronted with this issue only on 18 October 2013, as the previous correspondence from the US representative had apparently not been received. Mr. Tannenbaum, in turn, in the second half of October 2013 was in a state of stress and panic, as his earthquake insurance had not been renewed, a vitally important issue in California.

The Board in oral proceedings pointed out that it might be problematic that Mr. Steins had not been informed about the

change in ownership of the application, and consequently had no clear instructions on how to proceed; further, that no system of monitoring annuities seemed to have been in place by the appellant; and finally, that it was difficult to affirm all due care in view of the fact that a number of questions remained unanswered.

X. At the end of the oral proceedings, the chairman announced the decision as below.

Reasons for the Decision

1. This is a case for the re-establishment of rights (restitutio in integrum) into the period of time for paying the 11th annuity (with surcharge) for European patent application no. 03726305.0. This annuity had to be paid by 31 October 2013, a point in time when the appeal against the refusal of the application was pending before the Boards of Appeal. As the annuity was not paid, and bar a re-establishment of rights in the period for paying the annuity, the application is deemed withdrawn, thereby also terminating these appeal proceedings.

2. The Board in this case first has to establish whether it is competent to deal with the request for re-establishment of rights, or whether the examining (or any other) division of the office should do so. In academic writings, it is sometimes opined that the department of first instance rather than the Boards of Appeal should decide about such request: Benkhard/Schäfers, EPÜ Kommentar, 2nd ed., Art. 122 note 129; P. Hövelmann, Die isolierte Wiedereinsetzung, Mitteilungen der deutschen Patentanwälte 1997, 237. Hövelmann bases his view on the clear separation between the German Patent Office and the Federal Patent Court, a consideration that is not relevant for the EPO. Decisions **T 555/08** of 4 June 2013, **T 708/08** of 3 December 2010 and **T 1935/08** of 17 December 2010 considered that the Boards were competent to deal with the issue.

3.1 The request for re-establishment of rights has been made in response to the notice on the loss of rights that was issued by the formalities officer "For the Examining Division". According to Rule 136(4) EPC, a decision on the re-establishment of rights is made by the "department competent to decide on the omitted act".

3.2 Both the formalities officers and the registrars act on behalf of their relevant departments when issuing notices under Rule 112(1) EPC: For the Boards, this is based on the Decision of the Presidium dated 12 November 2007, Art. 2(7), and for the examination/opposition divisions, this is based on the Decision of the President dated 12 December 2013, Art. 1(7) (OJ EPO 2014, A6, 1). It is not clear from the legal provisions as such whether this is a task that stays with the examining division even after a refusal of the examination, or whether this task is then transferred to the Boards of Appeal.

3.3 Decision **T 555/08** of 4 June 2013 has affirmed the jurisdiction of the Boards of Appeal for a case of restitutio in integrum due to a failure to pay the annuities. The decision considered that the notice under Rule 112(1) EPC was not a decision open to appeal, but merely a confirmation of something that had already happened ("Noting of loss of rights"). As such, re-establishment into the period for payment of the annuities fell within the general jurisdiction of the Boards of Appeal as defined in the decision **T 473/91** (OJ EPO 1993, 630, point 1.2 of the reasons). In fact, a loss of rights even occurs if no notice under Rule 112(1) EPC is dispatched.

3.4 Even if one were to take the view that a notice under Rule 112(1) EPC could qualify as a decision under Rule 136(4) EPC (Singer/Stauder (Kroher), Europäisches Patentübereinkommen, 6th ed. 2013, Art. 122 marginal notes 109 - 113), this does not change the above position. The interest in maintaining the

unity of the application expressed in the above-mentioned decision **T 473/91**, as well as in decision **J 29/94** (decision of reasons 10 March 1997 point 1.2.1 of the reasons), speaks in favour of the Board being competent to handle all issues that arise during the appeal phase and that are intrinsically linked to the appeal proceedings as such. Case **T 473/91** has affirmed this for a re-establishment request regarding a loss of rights due to the late filing of the appeal. Missing the appeal period means that no appeal proceedings are commenced. In the case at issue, a loss of rights due to the non-payment of annuities automatically terminates the appeal proceedings. The issue of whether or not an appeal is pending is therefore directly linked to a request for re-establishment of rights regarding failure to pay the annuity made at the appeal stage. The formalities officer should therefore have acted on behalf of the Board of Appeal rather than the examining division before which the case was no longer pending.

3.5 The Board thus takes the view that it has jurisdiction to decide over the request for re-establishment of rights (restitutio in integrum) according to Art. 111(1st paragraph, second sentence) EPC.

4.1 In order to be granted, a request for restitutio in integrum requires that the applicant "in spite of all due care required by the circumstances having been taken, was unable to observe a time limit", Art. 122(1) EPC. It is therefore not enough that the applicant at no time had the intention to abandon the application, but that the applicant was unable to maintain the application despite all due care having been taken.

4.2 From the submissions on file, it appears that the European representative sent three reminders to Mr. Steins, the US representative who had handled payments while the application was owned by Mr. Dean Dager himself. These reminders were sent

on 18 June, 18 October and 29 October 2013. The Board has no reason to believe that the European representative did not act with all due care, particularly given the fact that he was not responsible for payment of the annuities in the first place.

4.3 As to the other persons involved, Mr. Steins, Mr. Dauger and Mr. Tannenbaum, it must be determined whether all of them acted with due care in the period relevant for the payment of the 11th annuity, that is, between Mr. Steins' first reminder of 26 November 2012, and the final deadline for payment on 31 October 2013. It is not a sufficient reason for re-establishments of rights that the professional representative has exercised all due care: The applicant must do likewise, decisions **J 3/93** of 22 February 1994 (headnote) and **T 381/93** (point 6 of the reasons: "An applicant is entitled to rely on its duly authorised professional representative to deal with the EPO. However, to the extent that it is on notice that a time limit has not yet been met and/or that instructions are required in order to meet it, an applicant has a duty to take all the due care in the circumstances to meet the time limit."). In determining the above issue, the Board faces the difficulty that the original request for re-establishment of rights mentions facts that differ from the second submission after the summons to oral proceedings, and also the third submission received prior to oral proceedings. It is therefore convenient to proceed chronologically.

4.4 According to the submissions in the original request, Mr. Steins, who had been responsible for payment of the annuities, alerted Mr. Dauger on the 11th annuity with letter dated 26 November 2012. In a subsequent telephone conversation, Mr. Dauger indicated that the application had been transferred and that the new owner had a different firm handling annuities. It is not clear whether Mr. Steins was formally notified about the transfer, but anyway he apparently proceeded on the assumption that the issue would then be handled by someone else. Only in

mid-October 2013 did he contact Mr. Dauger again, who was unable to obtain a confirmation as to which course of action to take in due time. No further details were provided, and based on these submissions the Board is unable to find that either Mr. Dauger or Mr. Tannenbaum had acted with all due care. After all, the only thing that had to be done would have been an instruction to Mr. Steins, or the European representative, or anyone else handling annuities on behalf of Advanced Cluster Systems.

4.5 In the subsequent submission, the appellant states that the date of transfer of the application from Mr. Dauger to Advanced Cluster Systems took place not in October 2012, but in October 2011, and that the annuities paid in 2012 showed a functioning system. Case law of the Boards of Appeal is not particularly sympathetic to such changes of case after expiry of the period to request re-establishment of rights: While evidence confirming alleged facts can be filed later (decision **T 324/90**, OJ 1993, 33), the factual base of the case may not be altered (**J 15/10** of 8 November 2010). Even if such change of facts were to be taken into account, the fact that payment in 2012 had been handled smoothly does not mean that a system for monitoring annuities in general was in place. The evidence submitted shows that in 2012, Mr. Steins contacted Mr. Dauger who contacted Mr. Tannenbaum, who then authorised payment. But in order to ensure that this would also work in 2013, one wonders why neither Mr. Dauger nor Mr. Tannenbaum had any alert system in place for the April 2013 payment, and why, despite a transfer in ownership, Mr. Steins was still to contact Mr. Dauger (whose role after the transfer becomes unclear) rather than Mr. Tannenbaum. Furthermore, Mr. Steins seemed to be under the impression that after the transfer, someone else would be responsible for payment. Also for this scenario, the Board is unable to confirm that all due care has been taken.

4.6 The third and last submission contradicts the original one in that Mr. Dauger in November 2012 had not received notice from Mr. Steins on the upcoming 11th annuity. The submission further elaborates on why Mr. Tannenbaum was unable to take care of this issue in the second half of October 2013, as he had to take care of other urgent matters. Also to this submission, the above case law on late submissions applies. Even if, for the sake of argument, these facts were to be taken into account, they merely confirm the impression that no system whatsoever was in place to reliably handle annuity payments. The Board has no evidence that a clear line of communication and responsibilities between Mr. Steins, Mr. Dauger and Mr. Tannenbaum had been established that would have determined who was supposed to do and communicate what to whom and at which point in time.

4.7 Finally, during oral proceedings, Mr. Abraham representing the appellant stressed that a combination of regrettable facts led to the failure to pay: late notification (18 October); misreading of the final reminder as a mere early notice; intense stress, panic and pressure of Mr. Tannenbaum, the CEO of the Advanced Cluster Systems. As to the first, this seems to be due to ill-defined duties and communication structures between Mr. Steins, Mr. Dauger and Mr. Tannenbaum, apart from the fact that it contradicts the reasons given in the original request for re-establishment of rights. As to the second, an erroneous interpretation of the nature of the reminder(s) by the applicant does not appear sufficient to meet the above threshold (decision **J 31/89** of 31 October 1989). And as to third, the period to look at is not only the last two weeks in October, but rather the whole time when the annuity could have been paid or had fallen due, and that appears to be from the time Mr. Steins sent the first reminder to Mr. Dauger back in November 2012. The coffin was sealed by a good number of nails, and it will not do only to look at the last one.

5. Based on the above standards, the appellant has not taken all due care for the 11th annuity to be paid at the latest until the end of October 2013. The request for re-establishment of rights therefore has to be refused, which in turn also means that the appeal proceedings cannot continue.

6. The 11th annuity fee and the additional fee have been paid without cause, as at the time of payment the patent application had already lapsed, and the purpose these payments were meant to achieve - maintenance of the application - could no longer be achieved. These fees, together with any annuities that may have been paid subsequently, therefore have to be refunded.

Order

For these reasons it is decided that:

1. The request for re-establishment of rights is refused.
2. The appeal proceedings are terminated.
3. Repayment of the 11th annuity fee (1495 Euro), plus the additional fee (747,50 Euro), and all subsequently paid annuities is ordered.

The Registrar:

The Chairman:



B. Atienza Vivancos

D. Rees

Decision electronically authenticated