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Datasheet for the decision of 31 May 2016

Case Number: T 1402/13 - 3.3.05

Application Number: 04782625.0

Publication Number: 1709215

IPC: C25D3/56, C25D3/22, H05K3/38, C23C22/40

Language of the proceedings: EN

Title of invention:
CHROMIUM-FREE ANTITARNISH ADHESION PROMOTING TREATMENT COMPOSITION

Applicant:
GBC Metals, LLC

Headword:
Appeal fee/GBC METALS

Relevant legal provisions:
EPC Art. 67(4), 86(1), 121, 121(3)
EPC 1973 Art. 86(3), 94(3)
EPC R. 51(1), 51(2), 103(1)(b), 103(2)
RPBA Art. 20(2)
Paris Convention Art. 5bis
Vienna Convention on the Law of Treaties (1986) Art. 31(1), 32

This datasheet is not part of the Decision.
It can be changed at any time and without notice.

Keyword:
Reimbursement of appeal fee - (no)

Decisions cited:
G 0005/83, G 0001/90, G 0004/98, G 0001/11, J 0004/86, J 0012/86, J 0004/11, T 0041/82, T 0081/84, T 0117/86, T 0323/89, T 0614/89, T 0765/89, T 0773/91, T 1496/06, T 0683/08, T 2434/09, T 1553/13

Catchword:

1. Whereas under Article 86(3) EPC 1973 loss of rights did not occur before the additional period of six months had elapsed, under the present Article 86(1) EPC loss of rights ensues upon expiry of the normal due date unless use is made of the remedy available under Rule 51(2) EPC (Reasons 4 to 4.6).

2. Under Rule 103(1)(b) and (2) EPC the termination of appeal proceedings caused by a loss of rights due to the non-payment of renewal fees cannot be equated to a declaration of withdrawal of the appeal (Reasons 5 to 5.6).

3. In order to claim entitlement to reimbursement under Rule 103(2) EPC, the appellant is required, at a time when its application is still pending, to make a procedural declaration that leaves no doubt that withdrawal of the appeal is intended (Reasons 6).

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Case Number: T 1402/13 - 3.3.05

D E C I S I O N
of Technical Board of Appeal 3.3.05
of 31 May 2016

Appellant: (Applicant)	GBC Metals, LLC 427 North Shamrock Street East Alton IL 62024 (US)
Representative:	Hedges, Martin Nicholas A.A. Thornton & Co. 10 Old Bailey London EC4M 7NG (GB)
Decision under appeal:	**Decision of the Examining Division of the European Patent Office posted on 17 December 2012 refusing European patent application No. 04782625.0 pursuant to Article 97(2) EPC.**

Composition of the Board:

Chairman	H. Engl
Members:	J.-M. Schwaller
	P. Guntz

Summary of Facts and Submissions

I. 1402/13-3305

II. The appeal lies from the decision of the examining division dated 17 December 2012 to refuse European patent application No. 04782625.0. The appeal was filed on 13 February 2013 and the statement of grounds was submitted on 24 April 2013.

III. The renewal fee for the 12th year fell due on 31 August 2015 and had not been paid by that date.

IV. On 18 February 2016, the appellant submitted a declaration stating that it "hereby withdraws their Appeal against the decision of the Examining Division upon the condition that the withdrawal is received in time to qualify for at least a 50% refund of the appeal fee."

V. On 25 February 2016, the board issued an interlocutory decision stating that as long as the renewal fee and the additional fee had not been paid the withdrawal of the appeal could not take effect, since the appeal procedure had already been terminated beforehand as a consequence of the loss of rights due to the failure to pay the renewal fee in due time.

VI. With a letter of 8 March 2016, the appellant declared that it did not challenge the board's interlocutory decision regarding the conditional withdrawal of 18 February 2016 but, instead, requested a 50% refund of the appeal fee based on the deemed withdrawal effect of the application and hence of the appeal under Article 86(1) EPC due to failure to pay the renewal fee by the due date.

VII. By 31 August 2015 the board had neither issued a preliminary opinion nor set a date for oral proceedings.

Reasons for the Decision

The appellant's request is admissible but not allowable.

1. The appellant's request is admissible.

The subject-matter of this request has not become *res judicata*. The board's intermediate decision dated 25 February 2016 also deals with a request for a 50% refund of the appeal fee, but this request was based on a different factual situation. The appellant is not challenging the board's decision that the condition for the declaration of withdrawal was not fulfilled but, with reference to the board's reasoning, argues that the deemed withdrawal of the appeal that had occurred on 31 May 2016 alternatively justified a claim for refund. Thus, the present request does not concern the same subject-matter as the request underlying the board's intermediate decision.

2. The board is in a position to give a final judgment on the appellant's request.

Whereas when the intermediate decision was taken it was still possible that the legal fiction of the deemed withdrawal of the application would be reversed, it is now clear that the application is deemed to have been withdrawn since the end of August 2015 (see points 3 and 4 below).

3. The appellant is right to assume that a deemed withdrawal of the application leads to the termination of the appeal proceedings on the merits of the case.

It is common ground in the case law of the boards of appeal that the withdrawal of an application directly affects the appeal proceedings, such that a substantive decision can no longer be taken on the merits of the application.

3.1 In T 683/08 (Reasons 1) and T 1496/06 (Reasons 2.2), the respective boards found that an effective withdrawal led to the immediate termination of the appeal proceedings without examination of the appeal. The same applies where an application is deemed to be withdrawn. It is common practice to inform the parties that the appeal proceedings are closed without a substantive decision (EPO Form 3324). However, this has a purely declaratory effect and is not a constituent cause for the termination. Only ancillary aspects of the case, such as a request for reimbursement of the appeal fee, remain to be decided (T 683/08, Reasons 1).

Thus, with regard to the pending appeal against a decision of an examining division, withdrawal of the application has basically the same effect as withdrawal of the appeal, where the proceedings on the merits are terminated at once but the board still has the power to decide on ancillary questions (T 85/84), such as the reimbursement of the appeal fee (J 12/86, T 41/82 and T 773/91) or apportionment of costs (T 117/86, T 323/89, T 614/89 and T 765/89). The interrelation between withdrawal of an application and appeal proceedings, therefore, resembles some national proceedings where the withdrawal of an action also terminates the pendency of appeal proceedings on the merits, while leaving ancillary questions like costs open to a decision of the appeal court.

3.2 In T 2434/09 (Reasons 5) the board took a slightly different approach, explaining that the appeal could usually be considered disposed of, because there was no more possibility of a European patent being granted for the application. This allowed the board to distinguish cases where the real purpose of the appeal was not to achieve the grant of a patent but to receive a declaratory decision that a substantial procedural violation had occurred that justified reimbursement of the appeal fee. Thus, in the opinion of that board, in these cases the appeal was not disposed of by the withdrawal or deemed withdrawal of the application (Reasons 7).

3.3 However, all decisions agree that where an application has been withdrawn the proceedings on the merits of the application come to an end.

3.4 The present board therefore does not view T 2434/09 as a reason to deviate from the decisions in T 683/08 and T 1496/06, because in T 2434/09 as well, when examining whether a substantial procedural violation had occurred, the board focused on the somewhat ancillary question of reimbursement of the appeal fee, while the merits of the application itself were not at stake (Reasons 8 and 30). Therefore, the board could also have decided the case on the basis of the settled case law of the boards of appeal (e.g. T 41/82), which finds that the withdrawal of an application as well as the withdrawal of an appeal terminates the appeal procedure on the merits of the application while leaving ancillary questions like costs and reimbursement of the appeal fee open for decision.

4. In the case at stake the application was deemed to be withdrawn when the appellant failed to pay the renewal fee for the 12th year on the due date of 31 August 2015.

Article 86(1), 3rd sentence, EPC deviates from the former wording of Article 86(3) EPC 1973, thereby leaving no room for an interpretation that the application is only deemed to be withdrawn when both the due date and the period for paying the renewal fee plus the additional fee have been missed.

With regard to possible implications of this decision for Office practice as to the filing of divisional applications where annual fees are outstanding (see Guidelines A-IV.1.1.1), it seems appropriate to go into this in further detail (cf. Article 20(2) Rules of Procedure of the Boards of Appeal), although the board is aware that this decision is only of indirect relevance to that practice.

4.1 According to Article 1(1) of the decision of the Administrative Council of 28 June 2001 on the transitional provisions under Article 7 of the Act revising the European Patent Convention of 29 November 2000, Article 86 EPC has to be applied in its revised version.

4.2 Both Article 86(1), 3rd sentence, and Rule 51(2) EPC take up the exact same wording to stipulate different consequences:

If a renewal fee is not **paid in due time**...

According to Art. 86(1), 3rd sentence:

"... the application shall be deemed to be withdrawn."

According to Rule 51(2):

"... the fee may still be paid within six months of the due date, provided that an additional fee is also paid within that period."

There is no doubt that Rule 51(2) EPC refers to the due date of the renewal fee as specified in Rule 51(1) EPC. Thus there would have to be a reason why Article 86(1), 3rd sentence, EPC, while using the same wording, should not refer to the same date but to the due date plus the additional six months. Yet not the slightest clue is to be found in the wording and context of these provisions pointing to such an interpretation. Thus, it is to be assumed that both identical terms refer to identical events. Or, as G 4/98 (Reasons 3.3) put it: "*It is generally accepted that giving different meanings to one and the same expression is not desirable and should not be undertaken lightly*".

4.3 It is true that under the EPC 1973 if the due date had been missed, an application was not deemed to be withdrawn before expiry of the six-month period for paying the renewal fee plus the additional fee. However, there was a clear legal basis for this in the former wording of Article 86 EPC 1973, which first provided, in paragraph 2, for the possibility of a valid late payment *"when a renewal fee has not been paid on or before the due date"*, whereas paragraph 3 then provided for deemed withdrawal *"if the renewal fee and any additional fee have not been paid in due time"*. The wording, thus, clearly referred to two different events. This distinction has been lost with the new wording of EPC (2000), which leaves no room for the assumption that the identical wording might refer to two different events.

4.4 Contextual and functional considerations do not lead to a different interpretation.

4.4.1 At several points the EPC or its implementing regulations say that "the European patent application shall be deemed to be withdrawn". In this case loss of rights regularly occurs if an action (mostly the payment of a fee) is not performed "in due time" (cf. Articles 14(2), 77(2), 78(2), 94(2) and (4) and 124(2) EPC; Rules 17(2), 36(3), 39(2), 70(3), 70a(3), 70b(2), 71(7), 100(3) and 160(1) EPC). However, none of these provisions provide for a possibility, where a period for paying a fee has elapsed, of paying the missed fee plus surcharge within another time limit. This mechanism, which helps to remedy a loss of rights due to failure to observe a time limit, has been incorporated into amended Article 121 EPC, which now covers failures to observe any time limits, including time limits for paying fees. However, the due date according to Rule 51(1) EPC for paying the renewal fee is not a time limit in the narrow sense of the word. Thus, Article 121 EPC is not applicable. Instead, Rule 51(2) EPC provides for a remedy to the otherwise potentially fatal failure to observe the due date and thus serves as a grace period.

4.4.2 The existence of such a grace period, which has its basis in Article 5bis of the Paris Convention for the Protection of Industrial Property, does not change the point in time when the loss of rights occurs. The Legal Board found in J 4/86 (Reasons 3.2) that neither Article 5bis of the Paris Convention nor Article 86(3) EPC 1973 provides for a strictly logical solution to the question of whether the loss of rights, when the grace period has not been taken advantage of, is deemed to have occurred when the normal period elapsed (i.e. when the due date was missed) or on expiry of the grace period. The board therefore referred to the clear wording of the provision in question (Article 94 (3)

EPC 1973) and came to the conclusion that the deemed withdrawal was not postponed until the end of the grace period. The board concluded (Reasons 4): *"Accordingly, it must be assumed that from the wording and sense of that Rule loss of rights ensues on expiry of the normal period, unless use is made of the available remedy."*

This decision was confirmed by the Enlarged Board in G 4/98 (Reasons 7.2): *"However, Rule 85a EPC does not prolong the normal time limits, but contains what its name says, namely a grace period, a possibility to remedy an otherwise potentially fatal non-observation of a time limit. The conclusion that the relevant date is not the expiry of the grace period, but the expiry of the normal period was reached in J 4/86 concerning the failure to file a request for examination of a European patent application. The well-reasoned decision is fully convincing and since there are no reasons to distinguish the case at hand from the situation underlying J 4/86, there is nothing more to add."* The Enlarged Board (Reasons 3.3) also referred to its earlier opinion in G 1/90: *"The loss of rights occurs on expiry of the time limit that has not been observed (point 6 of the Reasons)".* While J 4/11 was still dealing with the old version of Article 86(3) EPC 1973, these considerations are to be applied to the new version of Article 86(1), 3rd sentence, EPC.

Visser, The Annotated European Patent Convention, Haarlem, 2013, comes to the same conclusion (cf. Article 86, Point 4, penultimate paragraph).

4.4.3 The patent protection system is based on a deal between the inventor and society. The latter respects, for a limited period of time, a monopoly for the use of the invention, provided that the inventor discloses how to work the invention and that he pays adequate fees. Renewal fees have to be paid annually and increase from year to year, thereby giving an incentive to leave the invention to the public domain as soon as protection is no longer needed.

In the light of the above it seems reasonable that a grace period is provided to prevent a sudden loss of protection where the non-payment did not go along with the intention to give up protection and that protection is prolonged where the annual fee plus an additional fee has been paid. A mechanism analogous to Article 121(3) EPC may apply in this case. On the other hand it seems rather odd that the provision of a grace period was intended to prolong protection for half a year without compensation. Therefore, to assume that the loss of rights had occurred at the end of the last year that was paid for would make more sense than to assume that even where the grace period had not been used for paying the outstanding fee its mere existence led to half a year of additional cost-free protection which could, for instance and notwithstanding Article 67(4) EPC, be used for filing divisional applications or branching off national utility models.

Thus, a functional interpretation of the new wording suggests applying Article 86(1), 3rd sentence, EPC as it stands and assuming that Rule 51(2) EPC provides for the possibility that deemed withdrawal can be reversed if the annual fee and the additional fee are paid within six months after the due date.

4.5 A teleological interpretation of this wording does not lead to a different conclusion.

4.5.1 Document MR/2/00 e, the basic proposal at the Munich Conference of 2000 for the revision of the EPC, states on page 77: *"Article 86(3) EPC is also deleted and the legal consequence of a failure to pay the renewal fee in due time is added to Article 86(1) EPC. It is emphasised that this does not modify the current situation, and pursuant to the future Implementing Regulations, the application shall only be deemed to be withdrawn if the renewal fee and any additional fee have not been validly paid within the prescribed grace period."* This intention was not discussed by the member states during the legislative process.

4.5.2 However, the drafters failed to incorporate such a provision into the Implementing Regulations. As set out above, Rule 51(2) EPC contains a grace period but does not say anything about the point in time at which the application is deemed to be withdrawn. Thus, the consequences of non-payment can only be derived directly from the Convention.

4.5.3 Moreover, the wording of Article 86(1), 3rd sentence, EPC being clear and without ambiguities and its interpretation not leading to unreasonable results, it seems to be more than doubtful whether it would be suitable at all to refer to the *travaux préparatoires* in construing Article 86(1) EPC (see T 1553/13, Reasons 8.4.1 to 8.4.3; G 1/11, Reasons 3).

It follows from Article 31(1) of the Vienna Convention on the Law of Treaties and G 5/83 that the EPC should be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the EPC in their context and in the light of its object and purpose.

Article 32 of the Vienna Convention justifies the use of supplementary means of interpretation in order to confirm the meaning resulting from the application of

Article 31 or if the interpretation under Article 31 leaves the meaning ambiguous or obscure or leads to a manifestly absurd or unreasonable result.

The board considers that neither of these options is the case. Thus supplementary means of interpretation could only be used to confirm the meaning resulting from the application of Article 31 of the Vienna Convention.

4.5.4 However, even taking MR/2/00 e into account, no other interpretation would be arrived at. When construing a legal provision, it is the objective will of the legislator which has been expressed therein that is relevant. Subjective notions of the participants in the legislative process as to the meaning of a provision are of no relevance. Any motives that might have been expressed during the legislative process but have not been reflected by the final wording of the legal provisions (cf. point 4.5.2 above) thus cannot influence the objective interpretation of those provisions.

4.6 Therefore, the clear wording of Article 86 (1), 3rd sentence, EPC is to be applied.

5. The appellant is wrong to assume that Rule 103(2) EPC also applies to situations where no withdrawal of the appeal has been declared but the appeal proceedings have been terminated on the merits due to deemed withdrawal of the application.

5.1 The board admits that there are good reasons to give the same treatment to a declaration of withdrawal of the appeal and to a declaration of withdrawal of the application which consequently also leads to termination of a related appeal. However, this question may be left open because, as set out below, Rule 103(2) EPC applies only to procedural declarations.

5.2 Rule 103(1)(b) and (2) EPC provides for (total or partial) reimbursement of the appeal fee *"if the appeal is withdrawn"* before certain events have taken place. Its purpose is apparently to reward appellants giving up appeals that they choose no longer to pursue if they declare withdrawal before the boards have started or intensified working on a case. For this reason it is paramount that a clear and unambiguous procedural declaration is submitted from which the board can deduce that no more work has to be invested in a particular case.

5.3 The mere fact that a renewal fee has not been paid on the due date cannot be taken as a kind of "factual declaration" of withdrawal, because at that point in time the purpose behind non-payment is neither clear nor apparent to the board - did the appellant decided to abandon the application, did he decide to keep it running but is facing financial difficulties at the moment, did he decide to wait some more months before finally deciding whether to abandon the application, or did he not take a decision at all and simply overlook the due date? These examples show that the mere non-payment cannot be considered to be the expression of a definite intention, nor can what might be supposed to be declared be unambiguous.

5.4 The fact that Article 86(1), 3rd sentence, EPC and other provisions in the EPC (see point 4.4.1 above) use the wording "is deemed to be withdrawn" does not imply that Rule 103(2) EPC is to be applied. Where the EPC or its implementing regulations use this term, they entail that the application shares the same fate as applications that have been withdrawn. Thus, what is deemed to have occurred is the *result* of the withdrawal but not the *declaration* that leads to this result. In other words, the fiction determines the legal consequences of a failure to act in due time by giving the *application* the status of a withdrawn application. This does not mean that the *applicant* has to be treated as if it had actively *declared* the withdrawal of its application.

5.5 This result seems to be particularly apt when comparing the consequences for the board's handling of a declared withdrawal and a deemed withdrawal due to non-payment of the renewal fee.

In the first case, the board is notified by a clear statement that no more work has to be done on this case, because the declaration of withdrawal leads to instant termination of the appeal proceedings.

In the latter case, the board is left in uncertainty for at least six months, followed by the possibility that the appellant might request re-establishment for a further two months. Although it might be wise not to do any work on files where the renewal fee is outstanding, it may happen that boards continue to invest time in such cases, for instance where oral proceedings have already been scheduled. Furthermore, constantly monitoring whether the renewal fee has been paid is an extra task which would not be necessary if a withdrawal had been declared explicitly.

5.6 The result is also supported by the travaux préparatoires that may be consulted in this respect, cf. above point 4.5.3, last paragraph.

CA/90/13 Rev. 1 gives the following explanation concerning the proposal to extend Rule 103 EPC (emphasis by underlining added by the board):

"A. INTRODUCTION OF AN ADDITIONAL OPTION OF PARTIAL REIMBURSEMENT OF THE APPEAL FEE IN RULE 103 EPC

8. In the EPC 2000, Rule 103(1)(b) provides for reimbursement of the appeal fee in the event that the appeal is withdrawn (CA/PL 5/02 Rev. 1, page 94, and CA/PL 5/02 Rev. 1 Add. 1, page 26). Hence the four-month period for filing the statement of grounds under Article 108 EPC (third sentence) is among other things an opportunity for the appellant to <u>weigh up his appeal's chances of success</u> or to reflect in general on <u>whether it is worthwhile continuing</u> with the appeal.

9. This policy is now to be maintained and extended, as introducing refunds for withdrawals other than those covered by Rule 103(1)(b) EPC is expected to have a <u>positive impact on the procedural efficiency and workload of the boards</u> of appeal. Even after the appeal proceedings have started, withdrawing the appeal will reduce the board's work considerably, especially in cases where withdrawing the only pending appeal or all pending appeals brings the appeal proceedings as a whole to an end, as there is then <u>no need to hold oral proceedings or issue a decision.</u> Yet even the withdrawal of only one of a number of appeals will <u>reduce the burden on the board</u>, in that subsequent appeal proceedings and the concluding decision will then be able to focus on the submissions of the remaining appellant(s).

10. It is proposed that Rule 103 EPC be extended to provide for reimbursement of 50% of the appeal fee if the appeal is withdrawn at a later stage in the proceedings.
11. Reimbursement of half the fee seems appropriate, given that in the case of subsequent withdrawals - as opposed to refunds under Rule 103(1)(b) EPC - the board will already have begun work on the case and may have issued a communication. At the same time, a 50% refund would still give parties a strong incentive to reflect on whether or not to proceed.

B. SCOPE OF APPLICATION

12. The new reimbursement option applies to cases where an appeal is withdrawn outside the period covered by Rule 103(1)(b) EPC, i.e. after the filing of the statement of grounds of appeal or after expiry of the four-month period for filing that statement (Article 108 EPC).

13. To claim entitlement to reimbursement, the appellant simply needs to declare that he is withdrawing his appeal. To that extent the right to reimbursement is independent of whether other parties have filed appeals which are still pending before the board.

14. To withdraw his appeal an appellant is required to make a procedural declaration to that effect, whereupon his appeal immediately ceases to be pending.

15. The appeal may also cease to be pending even if the appellant uses a formulation other than "withdrawal of

the appeal" which leaves no doubt that withdrawal is intended, for example in the following cases:
withdrawal of the application by (all) the appellant/ applicant(s) in examination appeal proceedings
withdrawal of the opposition by the appellant/ opponent in opposition appeal proceedings.

C. RATE OF REIMBURSEMENT

16. Reimbursement of half the fee seems appropriate, and indeed sufficient, given that in the case of subsequent withdrawals as opposed to refunds under Rule 103(1)(b) EPC – the board will already have begun work on the case and may have issued a communication. At the same time, a 50% refund would still give parties a strong incentive to reflect on whether or not to proceed. This applies all the more so where only one of a number of appellants withdraws his appeal and the proceedings are to continue with the remaining appellants, even though the resultant reduction in the board's work may well be small.

17. Introducing an additional reimbursement option is likely to bring about a rise in withdrawals, especially in cases where communications from the board give appellants some indication of their chances of success. Considerable savings on costs are also likely, as staff costs for (usually one-day) oral proceedings, for interpreters (with full entitlement to fees and costs) and for the issuing of the decision are many times higher than the appeal fee."

The proposal thus clearly suggests that the introduction of Rule 103(2) EPC was aimed at reducing the boards' workload and at increasing procedural efficiency by giving the appellant an incentive both to take an active decision concerning its appeal and to submit a procedural declaration regarding its withdrawal or a similar procedural declaration that leaves no doubt that withdrawal is intended.

As set out above (point 5.5), the mere non-payment of the renewal fee would not be suitable to achieve any of the intended results: it neither requires the appellant to make up his mind nor discloses whether he has already done so. In the absence of a procedural declaration, which is explicitly required by the proposal, procedural efficiency is not increased and it long remains doubtful whether the board's workload will ultimately have been reduced.

6. Thus, in order to claim entitlement to reimbursement under Rule 103(2) EPC, the appellant is required, at a time when its application is still pending, to make a procedural declaration that leaves no doubt that withdrawal of the appeal is intended. This has not been the case here.

Order

For these reasons it is decided that:

The request for partial refund of the appeal fee is rejected.

The Registrar: The Chairman:

C. Vodz H. Engl

Decision electronically authenticated