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D E C I S I O N
of 28 September 1999

Case Number: T 0649/92 - 3.3.4

Application Number: 82304478.9

Publication Number: 0073646

IPC: C12N 15/00

Language of the proceedings: EN

Title of invention:
Construction of DNA sequences and their use for microbial production of proteins, in particular human serum albumin

Patentee:
GENENTECH, INC.

Opponent:
Delta Biotechnology Limited
RIATAL GmbH
Naohito Oohashi

Headword:
DNA for HSA/GENENTECH

Relevant legal provisions:
EPC Art. 99, 104(1), 111(1)
EPC R. 55, 65

Keyword:
"Admissibility of the appeal (yes)"
"Remittal (yes)"
"Apportionment of the costs (no)"

Decisions cited:

G 0004/97, T 0461/88, T 0649/92, J 0012/85

Catchword:

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D E C I S I O N
of the Technical Board of Appeal 3.3.4
of 28 September 1999

Appellant: (Opponent 03)
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Decision under appeal: **Decision of the Opposition Division of the European Patent Office dated 8 May 1992 rejecting the oppositions filed against European patent No. 0 073 646 pursuant to Article 102(2) EPC.**

Composition of the Board:

Chairwoman: U. M. Kinkeldey
Members: S. C. Perryman
L. Galligani

Summary of Facts and Submissions

I. European patent application No. 82 304 478.9 claiming priority from US 297380 of 28 August 1981 was granted as European patent No. 0 073 646 on 17 May 1989. It relates to DNA isolates, expression vehicles comprising such DNA, microorganisms transformed with said vehicles, and to a process which comprises microbially expressing human serum albumin (HSA) of a particular amino acid sequence and genetic variants thereof.

II. Notice of opposition against the European patent was given by three parties (opponents 01 to 03) who requested the revocation of the patent on the grounds of Article 100(a) to (c) EPC.

III. With its decision issued on 8 May 1992, the opposition division rejected the oppositions pursuant to Article 102(2) EPC.

IV. The appellant (opponent 03) lodged an appeal against this decision and paid the appeal fee on 15 July 1992, and filed a statement of grounds on 18 September 1992. The respondents (patent proprietors) filed a response to this statement of grounds.

V. With letter dated 20 January 1994, the appellant filed new evidence (declarations of Drs. Dugaiczyk and Hawkins) allegedly proving that a disclosure in the form of a poster of the entire nucleotide sequence of the HSA gene including the prepro-sequence had taken place at the First Annual Congress for Recombinant DNA Research held on 25-27 February 1981 in San Francisco.

VI. In reply thereto, inter alia, the respondents challenged the admissibility of the opposition filed by the appellant on the basis that there was evidence showing that he was a "straw man" which was alleged to be contrary to the law and practice of the EPO, and asking the board to seek confirmation of the identity of the opponent.

VII. Several further communications were issued by the board as well as a summons to oral proceedings to take place on 2 July 1996, and further submissions were made by the appellant and the respondents with both parties finally requesting referral back of the case to the opposition division for consideration of the new evidence subject to the outcome of the challenge to admissibility, and the respondents also requesting an apportionment of costs in their favour in view of the conduct of the appellant. In respect of the issue of the identity of an opponent, the respondents requested the referral of a question to the Enlarged Board of Appeal (EBA). The appellant requested an award of costs in his favour should a question be referred to the EBA.

VIII. In its final communication 26 June 1996 before the scheduled oral proceedings, the board made clear that the only issues to be discussed at the oral proceedings were the respondents' request that the appeal be dismissed on the basis that the true appellant (opponent 03) had not been correctly identified, and in relation to this issue whether a question of law should be referred to the EBA. The communication indicated that the board thought that any question of costs would arise only after any answer had been received from the

EBA, and that any costs arising in relation to the new evidence was a question to be decided by the first instance.

IX. Oral proceedings took place on 2 July 1996. They were not attended by any representative of the appellant. Only issues in relation to the admissibility of the appeal were discussed at the hearing. The board decided to refer a number of questions to the EBA (cf the referral-decision T 649/92, OJ EPO 1998, 97). The EBA answered these questions with decision G 4/97 (OJ EPO 1999, 270).

X. On 8 March 1999, the board issued a communication informing the parties of its view that, based on the decision of the EBA, it was legitimate for the respondents to challenge the admissibility of the opposition at the appeal stage and that the opposition filed by the appellant was admissible. In the same communication, the board reminded the parties of their previous requests to refer the case back to the first instance for an examination of the substantive matters, in view of the new evidence filed by the appellant, and asked the parties whether these requests were confirmed.

XI. Both the appellant and the respondents filed a reply to the said communication. The appellant requested inter alia that the case **not** be remitted back to the first instance. The respondents in their submission of 17 May 1999 stated that since a "straw man" by definition had no real interest in the outcome of an opposition, he (as opposed to the real but undisclosed opponent on whose behalf he filed the opposition) could not be a

person adversely affected by a decision of the opposition division within the meaning of Article 107 EPC, so the conditions for lodging an appeal were not met. The respondents asked for oral proceedings on this question, and for a question to be referred to the EBA on this as an important point of law necessary to clarify decision G 4/97 (supra).

XII. In a communication dated 2 June 1999, the board indicated its intention to summon the parties to oral proceedings in order to discuss the issues related to the admissibility, to the proposed question to the EBA and to the referral back to the first instance, **but not** the substantive issues.

XIII. In his reply on 22 September 1999, the appellant reminded the board of his previous request for an award of costs in relation to the referral to the EBA. He now also requested that the case be remitted to the opposition division for consideration of the substantive issues in the light of the new evidence.

XIV. On 24 September 1999, the respondents and the appellant filed a joint request to cancel oral proceedings on 28 September 1999. They both withdrew their requests for oral proceedings. The respondents withdrew also their request for referral of a new question to the EBA. Both parties requested that the outstanding matters be treated in writing.

XV. On 27 September 1999, the board informed the parties that the oral proceedings would not be cancelled unless any pending requests for an award of costs in connection with oral proceedings that had already taken

place before the board of appeal were withdrawn. It was also indicated that the board was not inclined to award any costs to any party and that the costs of the further proceedings as a result of the remittal was a separate question, best dealt with by the opposition division.

XVI. In reply to the said communication, on the same day the respondents withdrew their request for costs in connection with oral proceedings that had already occurred. However, they indicated their intention to request an award of the costs in connection with the proposed oral proceedings on 28 September 1999, should the appellant force them to attend the hearing by not withdrawing his previous request for costs of the proceedings before the EBA.

XVII. The appellant replied on the same day by stating that his request for costs in relation to the EBA referral G 4/97 (supra) was maintained.

XVIII. Oral proceedings took place on 28 September 1999, which were attended both by the respondents and the appellant. In view of their identical requests in relation to the remittal of the case to the first instance for further prosecution, only the issue of costs was discussed.

XIX. The appellant argued that an apportionment of costs against the respondents in favour of the appellant in relation to the referral to the EBA was justified by the extremely late, unsuccessful challenge to the admissibility of the opposition (made in February 1996 in response to the appeal of July 1992) for which belatedness no good reasons had been given. If it had

been raised before the opposition division, and not at a later stage of the appeal as done for tactical reasons, such an objection as to admissibility on the basis that the identity of the true opponent had not been disclosed, would have been dealt with by the first instance in its decision and would have been part of the appeal from the very beginning. It was manifest that additional costs had arisen for the appellant in connection with the consequent unnecessary delays in the proceedings.

XX. The respondents replied that the question of the identity of the true opponent was a fundamental point of law for which clarification from the EBA was needed. Thus, the questioning of admissibility on this basis was not unreasonable. The EBA had recognised that the admissibility of an opposition could be questioned also during the course of the appeal proceedings, as done in the present case by the respondents who had sought clarification about the true identity of the only appellant left after the opposition phase. There were no indications that the timing of the challenge had caused additional costs for the appellant. If anything, the lateness of the challenge to the opposition had avoided the extra costs of having the "straw man" question decided by two instances. Rather the resistance of the appellant to admit that the question of admissibility of the opposition could be dealt with during the appeal had delayed the proceedings. Moreover, his refusal to withdraw the request for an award of costs in relation to the referral of questions to the EBA had forced the respondents to attend the hearing on 28 September 1999. This justified an apportionment of costs against the appellant in favour

of the respondents.

XXI. The appellant requested that the matter be remitted to the opposition division for consideration of the substantive issues in the light of the poster presentation of Dr Dugaiczyk and an apportionment of costs against the respondents in favour of the appellant in relation to the referral to the EBA and the oral proceedings on 28 September 1999.

The respondents requested that the matter be remitted to the opposition division for consideration of the substantive issues in the light of the poster presentation of Dr Dugaiczyk, and an apportionment of costs against the appellant in favour of the respondents in relation to the oral proceedings on 28 September 1999 and refusal of any apportionment of costs in relation to the referral to the EBA.

Reasons for the Decision

Admissibility of the appeal

1. The appellant filed a notice of appeal, statement of grounds of appeal and paid the appeal fee within the time limits laid down by Article 108 EPC.

2. The respondents challenged the status of the appellant as an appellant on the basis that because he was a "straw man", that is acting on behalf of a third party, he was not entitled to be an opponent, and therefore he was not a party to the proceedings before the first

instance and so did not fulfil the requirements of Article 107 EPC giving a right of appeal only to any **party to the proceedings** adversely affected by the decision under appeal. The respondents have provided no direct evidence that the appellant is acting for a third person in filing the opposition, but the appellant himself has not denied this. The point need not be decided by this board, as for the reasons given below even on the assumption that the appellant is acting for a third party the respondents' challenge to admissibility fails.

3. In decision G 4/97 (supra), the EBA answered the relevant question put to it by this board to the effect that an opposition is not inadmissible purely because the person named as opponent according to Rule 55(a) EPC is acting on behalf of a third party, but that it is inadmissible if the involvement of the opponent is to be regarded as circumventing the law by abuse of process. As examples of such circumstances, the EBA referred to the opponent acting on behalf of the patent proprietor or in the context of activities typically associated with professional representatives without possessing the relevant qualifications required by Article 134 EPC. The respondents have not alleged that the involvement of the appellant here can be regarded as any form of circumventing the law by abuse of process. The appellant has at all times when acting as opponent and as appellant been represented by a qualified European representative, and the board has no grounds to suspect that the appellant here is acting on behalf of the patent proprietors or in any other way circumventing the law by abuse of process. Thus there is no objection to the admissibility of his opposition,

and thus subsequently of the appeal, even if the appellant should be acting for a third person.

4. The named opponent was a party to the first instance proceedings, and his request that the patent be revoked was refused. Such formal refusal of a request has consistently been considered sufficient for there to be an adverse effect for the purpose of Article 107 EPC (cf decision J 12/85, OJ EPO 1986, 155). It is not necessary to show any economic damage to the interest of a party. The respondents' argument that a "straw man" by definition had no real interest in the outcome of an opposition and so could not be adversely affected thus cannot be accepted. The respondents have withdrawn their request that a question on this be referred to the EBA, but in any case the board considers the law on this so clear that no reference to the EBA on this question is necessary. The requirements of Article 107 EPC are thus met by the appeal.

5. The decision under appeal was taken by an opposition division, so an appeal lies under Article 106 EPC. The notice of appeal also met the requirements of Rule 64 EPC. So there are no deficiencies in the appeal which would require it be rejected as inadmissible pursuant to the requirements of Rule 65(1) EPC, and the board finds the appeal admissible.

Remittal to the first instance (Article 111(1) EPC)

6. The new evidence filed by the appellant in relation to an alleged poster presentation was not available to the opposition division. Both parties requested that the

present case be remitted to the first instance under Article 111(1) EPC in order to ensure its further examination in the light of said evidence by two instances. The board also finds this appropriate in view of the evidential weight of the new submissions, and thus the request is granted.

The apportionment of costs (Article 104(1) EPC)

7. Apportionment of costs is governed by Article 104(1) EPC which states: "Each party to the proceedings shall meet the costs he has incurred unless a decision of an Opposition Division or Board of Appeal, for reasons of equity, orders, in accordance with the Implementing Regulations, a different apportionment of costs incurred during taking of evidence or in oral proceedings." This makes clear that the general rule is that each party bears its own costs, but that in special circumstances reasons of equity may lead to a different apportionment of costs incurred during the taking of evidence or in oral proceedings. As stated in Singer, The European Patent Convention, Revised English Edition 1995 by Ralph Lunzer at point 104.06 "A departure from the normal practice of each party bearing its own costs, *i.e.* by ordering one to pay the other's costs, can be made only where it is considered equitable to do so. This applies in cases where costs arise in whole or in part as a result of the conduct of one party which is not in keeping with the care required in the exercise of its legal rights, or which stems from culpable actions of an irresponsible or even malicious nature." This passage is based on the passage page 421 of the original German edition (Singer, Europäisches Patentübereinkommen, Carl Heymanns Verlag

KG, 1989) which has already been approved in decision T 461/88, (OJ EPO 1993, 295), and this board too agrees that this is a correct statement of the applicable law (cf also "Case Law of the Boards of Appeal of the European Patent Office", 3rd edition 1998, point 13.3 on page 450).

8. Neither the appellant nor the respondents are at present making any request for costs incurred during the taking of evidence. Both parties are seeking costs in relation to the oral proceedings before this board on 28 September 1999. The appellant is also seeking costs in relation to the referral to the EBA. The appellant was not represented at the oral proceedings on 2 July 1996 at which this board decided to refer several questions to the EBA, so no question of an apportionment of costs in respect of those oral proceedings can arise.

9. The proceedings before the EBA became necessary because this board chose to refer what it regarded as important points of law to the EBA. That the appellant was represented before the EBA helped the clarification of the law on this point, but cannot be attributed to any abuse by the respondents. The board thus sees no reason to depart from the general rule that each party pays its own costs in relation to the oral proceedings before the EBA. It is a matter for the discretion of the board concerned whether or not to refer a question to the EBA, and not a matter of entitlement of a party making a request to this effect. It would thus be a very unusual view to take that costs of representation at oral proceedings before the EBA directly attributable only to the fact that the referring board

considered a question important enough to refer to the EBA, could nevertheless also be considered as caused by an abuse by some party. No such apportionment of costs incurred as a result of proceedings before the EBA has been made, as acknowledged by the appellant, and this board does not consider that an apportionment in these circumstances is required for reasons of equity.

10. Both parties were represented before this board at the oral proceedings on 28 September 1999. These oral proceedings took place finally at the insistence of the board who wished to bring the matter to a conclusion swiftly, having indicated its preliminary opinion. The parties were both represented. The board sees no reasons of equity why either party should pay the other any costs for this. Each has merely exercised its legal right to be represented at the oral proceedings. If parties wish to go to these lengths, each in the defence of its own interests, they must each expect to have to pay their own costs in accordance with the general rule laid down in Article 104 EPC.

11. As regards the alleged additional costs incurred by the appellant in relation to the questioning of the admissibility of the opposition later during the course of the appeal and to the consequent referral of questions of law to the EBA, the board is not satisfied that the lateness of the questioning caused any additional costs. If the point had been raised at the opposition stage, quite as much time might have been spent on it before this board and the EBA, let alone the time that might have been necessary to discuss the point before the opposition division.

12. For these reasons, the board decides that no reasons of equity exist which would justify an apportionment of costs pursuant to Article 104 EPC.

Order

For these reasons it is decided that:

1. The decision under appeal is set aside.

2. The matter is remitted to the first instance for further prosecution.

3. The requests of both the appellant and the respondents for apportionment of the costs are refused.

The Registrar: The Chairwoman:

U. Bultmann U. M. Kinkeldey