

Decision of Technical Board of Appeal 3.5.1 dated 8 August 1996

T 556/95 - 3.5.1

(Language of the proceedings)

Composition of the board:

Chairman: P. K. J. van den Berg

Members: G. Davies

R. Randes

Applicant: SECURITY TECHNOLOGY CORPORATION

Headword: Undeniable signature systems/CHAUM

Article: 97(1), (2), 113(1), (2), 116(1), (2), 123(1) EPC

Rule: 51(4), 51(6), 67, 86(3) EPC

Keyword: "Request for oral proceedings refused following submission of amendments after Rule 51(6) communication - procedural violation" -

"Decision based on new grounds - procedural violation" - "Reimbursement of the appeal fee"

Headnote

The conditions for amendment of an application laid down in Article 123(1) EPC in conjunction with Rule 86(3) EPC remain applicable so long as the Examining Division retains competence over the application, including after the issue of a

communication under Rule 51(6) EPC, and until the decision to refuse or grant the application is taken (see G 7/93).

The right to be heard at oral proceedings under Article 116(1) EPC subsists so long as proceedings are pending before the EPO, and a request for oral proceedings must be granted (ie oral proceedings must be appointed) before any request of a party (whether procedural or substantive) is decided against that party so as to cause them a loss of rights. This applies also in the case of a request for oral proceedings to discuss amendments submitted after the issue of a communication under Rule 51(6) EPC. The discretion of the Examining Division under Rule 86(3) EPC must be exercised in such circumstances having regard to Article 116(1) EPC. The Enlarged Board has no power to limit the application of Article 116(1) EPC by means of any guidance it may lay down as to how an Examining Division should exercise its discretion under Rule 86(3) EPC.

Summary of Facts and Submissions

I. European patent application No. 88 202 620.6 (publication No. 0 318 097), was filed on 22 November 1988, claiming as priority date 23 November 1987.

II. After amendments and arguments submitted by the applicant in writing on 19 March 1993 in response to initial objections raised by the Examining Division, a Rule 51(4) communication was issued on 16 July 1993. The applicant expressed agreement with the proposed text, with the exception of some minor corrections to the description which were requested and subsequently accepted by the Examining

Division. A communication under Rule 51(6) EPC was then dispatched on 14 February 1994.

III. In a fax received at the EPO on 24 May 1994, amendments to the claims were requested, the applicant having come to the conclusion that the independent claims contained some "unnecessary limitations". This submission (the main request) also contained precautionary requests that the Examining Division (1) postpone a decision on the allowability of the amendments until the result of G 7/93 (erroneously cited as G 6/93) was known, (2) hold oral proceedings. A subsidiary request was made for grant on the basis of the text previously agreed. In any case an appealable decision on the main request was asked for.

In a communication dated 18 July 1994, the proposed amendments were rejected using a standard form (2093), the Examining Division stating as the grounds for rejection that the applicant was "bound by his approval". A time limit was given within which the applicant could request grant on the basis of the documents previously approved.

In another fax received on 28 November 1994, the applicant maintained his request for amendments, pointing to the recently published G 7/93 (decision dated 13 May 1994, OJ EPO 1994, 775), and arguing that the amendments requested were minor, not requiring re-opening of the substantive examination. A further request for oral proceedings was made, should the Examining Division be minded to refuse the requested amendments. The request for an appealable decision on the main request was renewed and the subsidiary request was also maintained.

IV. On 10 February 1995, a decision to refuse the patent was issued on the ground that there was no text which could be granted (Article 113(2) EPC), the Examining Division having rejected the requested amendments under Rule 86(3) EPC. The reason given for the refusal to allow the amendments was that "it is impossible to determine within a reasonable time whether the amended claims meet the requirements of the EPC, particularly as the amendments would result in a significant broadening of the scope of independent claims 1 and 11 valid at the time of the communication pursuant to Rule 51(6) EPC". No mention of the request for oral proceedings nor of the subsidiary request was made in the decision.

V. Notice of appeal was filed on 20 April 1995 together with the fee, followed by a statement of grounds of appeal submitted on 20 June 1995. The appellant's main request was that the Board of Appeal should set aside the decision and refer the application to the Examining Division in order to give the applicant the possibility to be heard at oral proceedings. Reimbursement of the appeal fee was also requested under Rule 67 EPC. A number of further, subsidiary, requests were also made, should the main request not be granted; however, these are not germane in the light of the Board's decision, given below.

VI. The appellant argued that the Examining Division had committed a substantial procedural violation in issuing a decision rejecting the amendments proposed without first holding the conditionally requested oral proceedings. The appellant had thereby been deprived of the possibility of explaining at such oral proceedings why the proposed amendments were only of a minor nature and, contrary to the position taken in the decision, would not result in a significant broadening of the scope of the claims.

Reasons for the Decision

1. The appeal is admissible.

2.1 G 7/93, *supra*, has established the principle that the conditions for amendment of an application laid down in Article 123(1) EPC in conjunction with Rule 86(3) EPC remain applicable so long as the Examining Division retains competence over the application, which is until it decides to refuse or to grant the European patent under Article 97(1) or (2) EPC. According to the decision, these conditions for amendment continue to be applicable after the issue of a communication under Rule 51(6) EPC. "Thus as a matter of legal power, following receipt of the applicant's approval of the notified text under Rule 51(4) EPC and following issue of a Rule 51(6) EPC communication, the Examining Division still has a discretion to allow amendment of an application until a decision to grant a patent is issued." (see G 7/93, point 2.1 of the reasons for the decision).

2.2 Such amendment may be allowed either upon request of the applicant or on the Examining Division's own motion.

3. It is thus clear that in the present case the proceedings before the Examining Division were still pending and that the applicant had the right to ask for amendment. The request being accompanied by a request for oral proceedings, the question to be decided by the Board is whether the Examining Division was entitled to decide to refuse the amendments under Rule 86(3), without first holding oral proceedings.

4.1 The right to oral proceedings is established as one of the common provisions governing procedure before the EPO (Part VII, Chapter 1, Article 116(1) EPC). Article 116(1) EPC states the general principle that oral proceedings shall take place either at the instance of the European Patent Office if it considers this to be expedient or at the request of any party to the proceedings. The only conditions specified in Article 116(1) and (2) EPC in which the European Patent Office has discretion to reject a request for oral proceedings relate to circumstances which clearly do not apply in the present case.

4.2 The right to an oral hearing in examination, opposition and appeal proceedings is thus an extremely important procedural right which the EPO should take all reasonable steps to safeguard (T 19/87, OJ EPO 1988, 268, T 663/90 of 13 August 1991 and T 808/94 of 26 January 1995 (both unpublished)). As a matter of principle, if a request for oral proceedings has been made, such proceedings must be appointed. This provision is mandatory and leaves no room for discretion (T 283/88 of 7 September 1988 (unpublished)). The body concerned may not then issue any decision affecting the requesting party without first appointing oral proceedings (see "Case Law of the Boards of Appeal of the EPO", 1996, 193).

4.3 The overriding importance of the right to oral proceedings is made clear in the following passage from " *Singer: The European Patent Convention - Revised English Edition* by Raph Lunzer" (1995, 116.02, at 613):

"It is clear from the wording used in all three languages that if a hearing is requested by a party, the EPO has no right to question whether such a hearing is potentially useful. A party has an unqualified right to be heard, without needing to advance any

justification for seeking a hearing. In accordance with T 598/88 of 7 August 1989 (unpublished)..., the first sentence of Article 116 imposes on the EPO: '...an obligatory procedural provision, against which considerations of expedition, procedural economy, or even equity cannot be taken into consideration. All that has to be investigated is whether there was a valid request for oral proceedings in existence before the date of the decision.' If, despite the existence of such a request, the first instance has issued a decision, it must be set aside and the matter referred back. Even where the request is manifestly an attempt to delay the proceedings, the right to oral proceedings cannot be denied".

4.4 This right to be heard at oral proceedings under Article 116(1) subsists so long as proceedings are pending before the EPO, and a request for oral proceedings must be granted (ie oral proceedings must be appointed) before any request of a party (whether procedural or substantive) is decided against that party so as to cause them a loss of rights.

5.1 A further question arises whether the guidance given in G 7/93, supra, by the Enlarged Board to the Examining Division as to how it should exercise its discretion under Rule 86(3) EPC to allow amendment after a Rule 51(6) EPC communication, could in any circumstances override or restrict the right to oral proceedings under Article 116(1) EPC.

5.2 In its reasons for the decision in G 7/93, the Enlarged Board gave some guidance as to the way in which the Examining Division should exercise its said discretion. This must depend upon the circumstances of each individual case, and must also depend upon the stage of the pre-grant procedure which the application

has reached (point 2.2 of the reasons). A request...received...after a Rule 51(6) EPC communication has been issued should be considered in a different way from a similar request for amendment received at a much earlier stage in the overall examination procedure...(point 2.3 of the reasons). The Examining Division is required to consider all relevant factors which arise in a case and balance the applicant's interest in obtaining a patent and the EPO's interest in bringing the examination procedure to a close. The Enlarged Board also gave some examples of amendments that may be allowable and stated: other minor amendments which do not require re-opening of substantive examination and which do not appreciably delay the issuing of a decision to grant the patent may be allowable after issue of a Rule 51(6) EPC communication (point 2.5 of the reasons).

5.3 With respect to the question posed under 5.1, supra, the Board draws attention to the fact that the decision of the Enlarged Board in G 7/93, supra, to the effect that, following issue of a Rule 51(6) EPC communication, the Examining Division still has a discretion to allow amendment of an application until a decision to grant a patent is issued, was based on a proper interpretation of Article 123(1) EPC in conjunction with Rule 86(3) EPC. The Boards of Appeal are free to interpret the provisions of the EPC, where these are silent on a given question and therefore open to interpretation. Article 116(1) EPC, however, is not open to any such interpretation. As the case law has constantly stressed, it imposes an absolute obligation on the EPO to hold oral proceedings once these have been requested by a party to proceedings before the EPO.

Moreover, the provisions of the Convention prevail over the Implementing Regulations (see Article 164(2) EPC); thus Article 116(1) EPC takes precedence

over Rule 86(3) EPC; it follows that the discretion of the Examining Division must be exercised having regard to Article 116(1) EPC. The Enlarged Board has no power to limit the application of Article 116(1) EPC by means of any guidance it may lay down as to how an Examining Division should exercise its discretion under Rule 86(3) EPC.

5.4 In the present case, therefore, the Examining Division is obliged to have regard to the guidance of the Enlarged Board in exercising its discretion under Rule 86(3) to refuse or allow the request for amendment; however, such guidance provides **no ground** for refusing to hold oral proceedings before taking any such decision. The applicant had a right to be heard orally on the issues to be taken into account by the Examining Division in the exercise of its discretion, and, in particular, on the question whether the requested amendments would require the re-opening of substantive examination or not.

5.5 As already pointed out in point 4.3, supra, considerations of procedural economy cannot affect an applicant's right to oral proceedings.

6. The Board finds, therefore, that, in the present case, as long as proceedings were still pending before the Examining Division, the appellant had the right to be heard at oral proceedings. Following G 7/93 (point 2.1 of the reasons for the decision, supra), so long as the Examining Division retains competence over the application, which is until it decides to refuse or grant the European patent application under Article 97(1) or (2) EPC, it lies within the discretion of the Examining Division pursuant to Rule 86(3) to accept or reject amendments. Hence proceedings are still clearly pending until the decision-making process is terminated, which occurs three days

prior to the date stamped on the decision (G 12/91, OJ EPO 1994, 285, point 9.1 of the reasons for the decision). In the present case, the decision to refuse the application was dispatched with the date stamp 10 February 1995. Thus the proceedings were clearly still pending on 28 November 1994, when the appellant renewed the request for the amendments and made a (second) clear conditional request for oral proceedings should the amendments be rejected. Hence the Board concludes that there was no basis for refusing the appellant's request for oral proceedings.

7. It is well established that failure to hold oral proceedings clearly requested by a party having a right to such proceedings constitutes a substantial procedural violation and justifies the reimbursement of the appeal fee under Rule 67 EPC. Further, the decision must be set aside as null and void (see eg T 560/88 of 19 February 1990 (not published)).

8. This conclusion of the Board is reached irrespective of the reasons given in the appealed decision. However, it is to be noted that the legal basis on which the amendments were rejected, Rule 86(3), and in particular the reasons for the Examining Division exercising its discretion not to accept the amendments, were given for the first time in the decision. In the communication dated 18 July 1994 the only grounds for rejection had been given as the appellant's being "bound by his approval" of the text set out in the Rule 51(4) communication, a ground which had clearly been invalidated by the outcome of G 7/93 (supra). The appellant had no opportunity, therefore, to present arguments attempting to refute the Examining Division's assertion in the decision that "the amendments would result in a significant broadening of the scope of independent claims 1 and 11 valid at the time of the

communication pursuant to Rule 51(6) EPC". The decision was therefore in breach of Article 113(1) EPC, which must be considered to be a second substantial procedural violation.

Order

For these reasons it is decided that:

1. The decision under appeal is set aside.
2. The case is remitted to the first instance for further prosecution.
3. The appeal fee is to be reimbursed.