BESCHWERDEKAMMERN DES EUROPÄISCHEN PATENTAMTS

BOARDS OF APPEAL OF THE EUROPEAN PATENT OFFICE

CHAMBRES DE RECOURS DE L'OFFICE EUROPEEN DES BREVETS

Internal distribution code:
(A) [ ] Publication in OJ
(B) [ ] To Chairmen and Members
(C) [X] To Chairmen

D E C I S I O N
of 13 December 1999

Case Number: T 1044/97 - 3.3.3

Application Number: 83306484.3

Publication Number: 0109779

IPC: C08F 210/16

Language of the proceedings: EN

Title of invention:
Ethylene copolymer

Patentee:
Mitsui Chemicals, Inc.

Opponent:
DSM Research B.V.

Headword:
-

Relevant legal provisions:
EPC Art. 104(2)
EPC R. 63(4), 64(b), 66(1)

Keyword:
"Admissibility of appeal. No need to specify the extent to which cancellation of the decision is requested. (Appeal admissible)"
"New case (prior public use) raised by the opponent in first appeal proceedings - award of costs ordered. Now question of fixing of costs"
"Request for oral proceedings in second appeal proceedings relating to a decision on fixing costs (refused)"
"Referral of question to the Enlarged Board of Appeal (no)"

Decisions cited:
T 0611/90

Catchword:
-

Europäisches Patentamt | European Patent Office | Office européen des brevets

Beschwerdekammern | Boards of Appeal | Chambres de recours

Case Number: T 1044/97 - 3.3.3

D E C I S I O N
of the Technical Board of Appeal 3.3.3
of 13 December 1999

Appellant I: (Proprietor of the patent)
Mitsui Chemicals, Inc.
2-5, Kasumigaseki 3-chome
Chiyoda-ku
Tokyo (JP)

Representative:
Cresswell, Thomas Anthony
J.A. Kemp & Co.
14 South Square
Gray's Inn
London WC1R 5LX (GB)

Appellant II: (Opponent)
DSM Research B.V.
6160 MA Geleen (NL)

Representative:
Hoogstraten, Willem Cornelis Roeland
Octrooibureau DSM
Postbus 9
6160 MA Geleen (NL)

Decision under appeal: **Decision of the Opposition Division of the European Patent Office posted 11 November 1992 rejecting the opposition filed against European patent No. 0 109 779 pursuant to Article 102(2) EPC.**

Composition of the Board:

Chairman: C. R. Gérardin
Members: A. C. G. Lindqvist
S. C. Perryman
R. J. Young
P. Kitzmantel

Summary of Facts and Submissions

I. European patent application No. 83 306 484.3 was filed on 25 October 1983 by Mitsui Chemicals Inc.

A European patent, No. 0 109 779, was granted on 17 December 1986.

II. An opposition was filed by DSM Research B.V. on 17 September 1987. For an account of the relevant circumstances preceding the present appeal reference is made to the appealed decision issued on 4 August 1997 by the Opposition Division reviewing the decision of the Registry dated 27 December 1996 on the fixing of costs, **appendixed** to this decision.

III. Both parties have appealed against the Opposition Division's decision. The parties have requested oral proceedings.

IV. The Patentee has requested that the Board of Appeal rules as a preliminary matter that the Opponent's Notice of Appeal did not satisfy Rule 64(b) EPC and that the Opponent's appeal was inadmissible.

V. In the substantive matter the Patentee has requested that the Board orders

(a) that the Opponent should pay the whole of the opposition/appeal costs in accordance with the debit notes submitted to the Registry of the Opposition Division with a letter of 24 June 1996, and

(b) that the "recovery costs" as notified to the Opponent, the costs of preparing and filing the Statement of Grounds of Appeal, and the costs of subsequent proceedings before the present Board were apportioned to the Opponent.

VI. The Opponent has requested that the Board

(a) confirmed the appealed decision as far as it ordered that only costs due to tardiness should be apportioned,

(b) revoked the decision concerning the amount fixed,

(c) requested the Patentee to supply information on the costs incurred before the submission of public prior use and the overlap with later costs, and

(d) referred to the Enlarged Board of Appeal the question: "Is the second half-sentence of Article 104(1) EPC an exception to the basic principle of the first half-sentence of that paragraph which is to be construed narrowly so that an order for a different apportionment of costs will only restore the compensated party in the situation set out in the first half-sentence or can it be construed broadly so as to create the situation that in a case where a different apportionment of costs is ordered the compensated party effectively will have to pay less than the costs he would have incurred in a further identical situation in which there was no cause for a different apportionment of costs?"

VII. In a communication of 28 October 1998 the Board informed the parties that its preliminary opinion was that the appeal of the Patentee was admissible but that the appeal by the Opponent was not admissible, that the requests for oral proceedings should be refused pursuant to Rules 63(4) and 66(1)EPC, and that the request for a referral to the Enlarged Board of Appeal should also be refused.

VIII. Oral proceedings were held on 12 February 1999, in which the procedural questions of admissibility of the Opponent's appeal, and the possibility of holding oral proceedings regarding the substantive issues of the case, were discussed. The Board decided that the appeal by the Opponent was admissible and that the proceedings would be continued in writing only.

IX. The positions of the parties, as presented in the appeals and in further submissions following the oral proceedings, can be summarised as follows.

X. The Patentee

It was ordered in T 611/90 that the Opponent should pay all the Patentee's future costs in proceedings before the Opposition Division and the Board of Appeal arising from the late introduction of the new ground. The appealed decision did, however, attempt to make a distinction between costs that could be attributed to the lateness of the submission of the new ground, and costs which would have been incurred if the submission had been timely filed. The impugned decision thus awarded only part of the Patentee's costs. The Patentee's position was that **all** of the expenditure

arose through tardiness on the part of the Opponent; if the ground had not been introduced late in the proceedings, it would not have been introduced at all since the Opponent had deliberately decided to exclude this ground from his Notice of Opposition. The tardiness was the late change of heart: all the expense, including the test costs, and, now, the recovery costs, flowed from this. It also followed from the principle of legitimate expectations that the Patentee should now be compensated for his costs. The Patentee was precipitated into the compulsory reopening of the opposition on completely new grounds as ordered in T 611/90. The Opposition Division charged the Patentee with the task of arranging expensive tests in spite of protestation by the Patentee. The order was that the Opponent should bear "all the costs" of that opposition. A legitimate expectation was raised in the mind of the Patentee as regarded the eventual handling of the award of costs.

XI. The Opponent

The only costs to be apportioned were the costs caused by the Opponent's late submission of public prior use. The Opponent should therefore pay the additional costs incurred by the Patentee, but the Patentee must pay the normal costs which were connected with the issue as such. The costs which arose when the prior use issue was dealt with by the Opposition Division and the Board of Appeal, after the remittal in decision T 611/90, would have been incurred in any case, regardless of when the prior use submission was made. The costs to be apportioned were therefore only those costs which could have been saved if the Patentee had been given the

opportunity to deal with this issue earlier, i.e. together with other aspects of the opposition which were being treated before the prior use issue was introduced. At that earlier stage the Patentee had only prepared two letters in response to the Notice of Opposition and to further observations. No other costs had been incurred by the Patentee. It was the cost of preparing these letters that could be the subject of an apportionment pursuant to Article 104 EPC. The request made by the Patentee that the costs for the proceedings concerning the fixing of costs (the recovery costs) should be apportioned to the Opponent had to be rejected, as these proceedings concerned a new case where the basic principle that the parties should bear their own costs was applicable.

Reasons for the Decision

1. Admissibility of the appeals.

1.1 The Patentee's appeal is admissible.

1.2 The Opponent's appeal is also admissible.

The Patentee has requested that the appeal of the Opponent should be found inadmissible. The Opponent's Notice of Appeal reads "Herewith we appeal against the decision of the EPO Opposition Division on the awarding of costs in this case, dated August 4, 1997". No further submission was made within the time limit for filing the Notice of Appeal. The Patentee has argued that the Notice of Appeal does not comply with

Rule 64(b) EPC in that it says nothing as to the extent to which amendment or cancellation of the decision is sought.

At the previous stages of the case, before the Registry of the Opposition Division and the Opposition Division, the Opponent's position was that it was willing to pay some costs. It did not, however, admit to pay a specified sum of money, but left it to the EPO to make a decision according to Article 104 EPC. This standpoint is perfectly correct, and indeed usual in non-contractual compensation cases. The Opponent's appeal against the Opposition Division's decision must therefore be understood as a request for a more favourable outcome, founded on the Board's evaluation, still without a precise figure being given as a sum that the Opponent would be willing to pay. As the latter position is equally legitimate in appeal proceedings as before the first instance, it follows that the Opponent's Notice of Appeal satisfies the requirements of Rule 64(b) EPC. The appeal of the Opponent - which is also otherwise correct - is therefore admissible.

2. *The requests for oral proceedings*

Reading Rule 63(4) EPC ("The Opposition Division shall take a decision on the request (for a decision by the Opposition Division on the awarding of costs by the registry) referred to in paragraph 3 without oral proceedings") together with Rule 66(1) EPC ("Unless otherwise provided, the provisions relating to proceedings before the department which has made the decision from which the appeal is brought shall be

applicable to appeal proceedings mutatis mutandis"), makes it apparent that the substantial issues of the present appeal proceedings, relating to a decision on awarding costs, shall be decided on the written submissions without oral proceedings. (Cf. VIII *supra*.)

3. *The substantial issue of the case: the question of fixing of costs*

3.1 The positions of the parties differ widely. *In nuce*, the Patentee demands that all the costs it has had after the remittal of the case should be paid by the Opponent; the Opponent is only willing to pay the costs which the Patentee could have saved if the procedure had been based on a timely submission of the prior use argument.

3.2 The apportionment order in T 611/90 is based on Article 104(1) EPC. This article enables an Opposition Division or a Board of Appeal to make an exception to the general principle, expressed in the article, that both parties to the proceedings shall bear their own costs. For reasons of equity a different apportionment of costs for taking of evidence and in oral proceedings may be ordered. According to the case law of the Boards of Appeal all costs incurred by a party in proceedings before the EPO can, in practice, be apportioned to be paid by the other party as long as they can be regarded as arising from legitimate measures taken by the first party in propagating its case. One usual reason for finding it equitable to order a different apportionment than according to the main rule is that one of the parties has not followed the procedural time limits laid down in the EPC, and by so doing has caused the

other party to have extra costs. The present appeal case concerns the consequences of such lateness.

3.3 It appears that the parties agree that the late submission of the prior use argument is the cause of extra costs for the Patentee, and that such costs should be borne by the Opponent in accordance with the apportionment possibility given in Article 104 EPC and as ordered in T 611/90. The parties come to very different results, however, as to which costs have arisen from the Opponent's lateness: only costs which could have been partly saved by the Patentee in preparing two letters before the late submission (according to the Opponent), or all costs which have been incurred by the Patentee after the remittal (according to the Patentee).

3.4 In the proceedings before the Registry of the Opposition Division in the matter of fixing the apportioned costs the Registry sent a communication to the parties explaining that in order to decide which costs should be apportioned it had to be observed that the costs for the analysis of Stamylex 1046 (the tests referred to above) would also have been incurred if the prior use had been alleged earlier. The tests were a legitimate means of defence, the communication continued, but they were not caused by the late allegation as such and the cost for them could not now be taken into account. On the other hand, the costs ensuing from the correspondence between the Patentee's European and Japanese representatives could have been included in the correspondence which took place earlier; thus these costs should be apportioned, the communication said. The Patentee was invited to redraft

the bills concerned, and was asked to present an itemised note clearly showing which costs were charged for which subject. The Patentee answered that he did not intend to challenge the position adopted by the Registry that a considerable proportion of the costs incurred in Japan and all the costs charged by his representative should be apportioned to the Opponent. Redrafted debit notes, which partly exceeded the requirements of the communication, were filed. The letter was, however, retracted when the Patentee received the Opponent's answer to the communication; in this answer the Opponent requested that considerable further parts of the costs should be excluded from apportionment.

The Registry fixed the costs to the sums presented in the Patentee's revised bills. The Patentee, expressing disappointment that its full requests had not been met, explained that it would not seek review of the decision. Revision was requested by the Opponent.

3.5 In the appealed decision the Opposition Division says that "it can be assumed that the late allegation of prior use prevented the Patentee from dealing with the details of the prior use in the previous actions and thus, probably, from limiting the overall costs. For example, the letter of the proprietor dated 26 February 1992 contains only arguments relating to the Stamylex tests, but it has to be assumed that the costs incurred by the preparation of this letter are higher than if the same argument had been presented as part of the representative's previous actions because all parties concerned had to reexamine the case on the basis of new arguments long after the first opposition proceedings".

Having then pointed to the difficulty of cost separation, the Opposition Division decided to fix the costs according to the Patentee's revised (although retracted) debit notes, thus upholding the Registry's decision.

3.6 The Board agrees with the Opposition Division about the inherent difficulty of separating various costs as a means of deciding a sum to be regarded as the exact additional costs incurred by one of the parties. The present case is essentially a case about damages for costs incurred by the Patentee because of an action by the Opponent. It is common in compensation cases that putting a precise value on the damage inflicted is difficult; i.e. in the present appeal to make an estimate of the costs for the extra work etc that the Patentee has had to put in because of the late submission. It seems correct to regard the Stamylex tests as a necessary means of defence for the Patentee, and the costs for them as unavoidable regardless of when the prior use argument was raised. They shall therefore not be included in the costs that the Patentee should be compensated for.

The prior use argument was, of course, *per se* a legitimate way of attacking the patent. But the fact that the tests had to be performed at a later stage in the procedure than should have been necessary led to extra costs for the Patentee. Not only did the Patentee lose the possibility of dealing with this issue together with the other questions originally involved in the opposition, but the lateness also brought about other expenses: the necessity for renewed communications between the Patentee, its Japanese and

its European representatives, and for the representatives to study and start work again on a case that they had justly believed to be nearly finished. The Board finds that this and the other circumstances involved in the fixing of costs have been correctly taken account of in the appealed decision. The Board also finds that the estimate of the amount which the Patentee should be compensated for by the Opponent is reasonable and leads to an equitable solution of the matter.

4. *Referral to the Enlarged Board of Appeal*

The Board does not regard the question proposed by the Opponent as one suitable for referral to the Enlarged Board, because it relates to hypothetical facts, and issues not clearly present in the case. In particular, the question relates to the interpretation of Article 104(1) EPC, which is concerned with the apportionment of costs, whereas the present decision is taken under Article 104(2) EPC on the fixing of costs. Thus the proposed question is irrelevant to the legal point under consideration.

5. *Apportionment of the costs incurred in the present appeal case*

The Board agrees with the reasons given by the Opposition Division for excluding the costs of the proceedings concerning fixing costs from apportionment (see point 5), and for the same reasons makes no order for apportionment of the costs of the present appeals.

Order

For these reasons it is decided that:

1. The request for referral of a question to the Enlarged Board of Appeal is refused.

2. The appeals are dismissed.

The Registrar: The Chairman:

E. Görgmaier C. Gérardin