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D E C I S I O N
of 10 October 2002

Case Number: T 0670/98 - 3.4.1

Application Number: 90310934.6

Publication Number: 0421808

IPC: G07F 7/10

Language of the proceedings: EN

Title of invention:
Funds transfer system

Patentee:
NET1 HOLDINGS S.a.r.L.

Opponent:
(01) PREUSSAG AG
(02) Deutsche Telekom AG
(03) Ascom Autelca AG
(04) GIESECKE & DEVRIENT GmbH
(05) Schlumberger Industries S.A.
(06) Koninklijke KPN N.V.

Headword:
-

Relevant legal provisions:
EPC Art. 54(3), 54(4), 87(1), 123(2), 158(1)

Keyword:
"Admissibility of main request (yes); *reformatio in
peius* (no)"
"Novelty - main request (no)"
"Admissibility of auxiliary requests (no)"

Decisions cited:
G 0009/92, G 0004/93, G 0001/99, T 0153/85, T 0095/83,
T 0406/86

Catchword:
-

EPA Form 3030 10.93

Case Number: T 0670/98 - 3.4.1

D E C I S I O N
of the Technical Board of Appeal 3.4.1
of 10 October 2002

Appellants: (Opponent 01)	PREUSSAG AG Karl-Wiechert-Allee 4 D-30625 Hannover (DE)
Representative:	-
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Representative: -

Respondent: NET1 HOLDINGS S.a.r.L.
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Decision under appeal: **Interlocutory decision of the Opposition Division of the European Patent Office posted 15 June 1998 concerning maintenance of European patent No. 0 421 808 in amended form.**

Composition of the Board:

Chairman: G. Davies
Members: M. G. L. Rognoni
         R. Q. Bekkering

Summary of Facts and Submissions

I.   The appellant *eg* 01 (opponent 05) lodged an appeal,
        received on 27 June 1998, against the decision of the
        Opposition Division, despatched on 15 June 1998,
        maintaining the European patent No. 0 421 808
        (application No. 90 310 934.6) in amended form. The fee
        for the appeal was paid on 27 June 1998 and the
        statement setting out the grounds of appeal was
        received on 21 October 1998.

        Against the same decision of the Opposition Division,
        the appellant 02 (opponent 04) lodged an appeal,
        received on 10 August 1998. The appeal fee was paid on
        10 August 1998 and the statement setting out the
        grounds of appeal was received on 19 October 1998.

        Under Article 107 EPC, the non-appealing opponents 01,
        02, 03 and 06 were parties to the appeal proceedings as
        of right.

II.   The oppositions had been filed against the patent as a
        whole based on Articles 100(a) and (b) EPC.

III.   With the statement of grounds of appeal, the
        appellant 01 filed, *inter alia*, the following document:

        A1: WO-A-91/17528 (priority date: 3 May 1990)
             (publication date: 14 November 1991),

        and submitted that it constituted prior art under
        Articles 54(3) and (4) and Article 158(1) EPC because
        the contested patent was not entitled to the older
        priority date (6 October 1989).

The appellant 02 based the appeal on Articles 123(2) and (3) EPC, and on Article 56 EPC.

IV.   In response to the appellant's submissions, the respondent (patentee) requested by letter dated 25 June 1999 to dismiss the appeals and to maintain the patent in the form as allowed by the Opposition Division (**main request**), or to maintain the patent on the basis of a new set of claims (**auxiliary request**).

V.   In a communication accompanying the summons to oral proceedings, the Board expressed, *inter alia*, the preliminary opinion that claim 1 in the version as maintained by Opposition Division could be interpreted in such a way that it appeared to cover subject-matter extending beyond the content of the application as originally filed (Article 123(2) EPC). Furthermore, the older priority document claimed by the patent in suit did not contain certain features of the claimed invention and, therefore, document A1 appeared to constitute prior art under Articles 54(3) and (4) EPC. Hence, the issues that the Board wished to discuss in the oral proceedings concerned, *inter alia*, the interpretation of claim 1 and the extent to which document A1 anticipated the subject-matter of such a claim.

VI.   In response to the Board's communication, the respondent presented three requests by letter dated 10 September 2002, a Main Request and First and Second Auxiliary Requests, and Annexes 1 to 3 setting out the corresponding claims. Furthermore, the respondent specified in said letter that the claims according to the **first** and **second auxiliary request** corresponded to the claims of the main and auxiliary requests filed by letter dated 25 June 1999, respectively.

VII. Oral proceedings were held on 10 October 2002 in the

presence of the appellants 01 and 02, and of the
respondent. The opponents 01, 02, 03 and 06 had
informed the Board that they would not be attending the
oral proceedings.

VIII.   At the beginning of the oral proceedings, the
        respondent pointed out that the claims set out in
        Annexes 2 and 3 did not correspond to the first and
        second auxiliary requests specified in the accompanying
        letter dated 10 September 2002. In fact, they had
        belonged to the proceedings before the Opposition
        Division and had been filed erroneously in reply to the
        Board's communication. The respondent requested that
        these claims be disregarded and replaced by the claims
        identified in the accompanying letter, namely the
        claims filed as main and auxiliary requests on
        25 June 1999.

IX.   Later in the oral proceedings, the respondent, having
        heard the Board's negative opinion concerning the
        allowability of the main request, withdrew the first
        and second auxiliary requests and asked the Board to
        consider the claims set out in the Annexe 3 (second
        auxiliary request) accompanying the letter dated
        10 September 2002 as a new auxiliary request. According
        to the respondent, such claims were already on file,
        because they had been submitted, albeit by mistake, to
        the Board's and the parties' attention within the
        prescribed time limit.

        Having received a negative opinion on the admissibility
        of this request, the respondent sought leave of the
        Board to amend claim 1 of the main request and to
        present it as auxiliary request.

X.   In summary, the following requests were made:

        The appellants 01 and 02 requested that the patent be
        revoked and the requests presented by the respondent in
        the course of the oral proceedings be considered
        inadmissible.

-       The respondent requested that the patent be
        maintained on the basis of claims 1 to 7 filed
        with the letter dated 10 September 2002 by way of
        main request, or on the basis of claims 1 to 8 set
        out in Annex 3 thereto by way of **auxiliary
        request**; or that a new claim 1 based on an amended
        version of claim 1 of the main request be
        considered as an admissible late-filed request.

-       Opponent 06 requested in writing that the patent
        be revoked.

XI.   The wording of claim 1 according to the respondent's
        main request reads as follows:

        "*1. A method of transferring funds including the steps
        of:
        linking a first smart card to a first financial
        institution;
        in a first transaction, debiting an account held
        at the financial institution and recording a
        corresponding credit value in the first smart card;
        linking the first smart card to a second smart
        card using a card reader terminal;
        in a second transaction, reducing the credit value
        in the first smart card and recording a corresponding
        credit value in the second smart card;
        linking the second smart card to a second
        financial institution;
        in a third transaction, reducing the credit value
        in the second smart card; and,*

recording a corresponding credit value in an account held at the second financial institution,
wherein the first and second smart cards each store executable code portions comprising an application which is split between the CPU's of the smart cards, the running of CPU's being facilitated and synchronised by the card reader terminal, which card reader terminal runs a stored program, so that the second transaction is controlled by the application stored on the smart cards in a synchronised interactive manner, while the terminal merely allows direct communication between the cards, consistent with the operating protocol of the smart cards."

The wording of claim 6 according to the respondent's **main request** reads as follows:

"*6.   A system for transferring funds including:*
first and second smart cards (30; 32);
a first card reader terminal (FTM1) for linking a first smart card to a first financial institution (Fl1);
a second card reader terminal (FTM2) for linking the second smart card to a second financial institution (Fl2); and,
a third card reader terminal (POS) adapted to receive the first and second smart cards (30; 32) so that a credit value stored in the first smart card (30) which corresponds to a first transaction of a debit from an account held at the first financial institution (Fl1) can in a second transaction be reduced by a desired amount and a corresponding credit value can be recorded in the second smart card (32), the second smart card (32) being adapted to transfer the credit value stored therein to an account held at the second financial institution (FL2) in a third transaction,
wherein the first and second smart cards (30; 32) each store executable code portions comprising an

*application which is split between the CPU's of the
smart cards (30; 32), the running of the CPUs being
facilitated and synchronised by the third card reader
terminal (POS), which card reader terminal (POS) runs a
stored program, so that the second transaction is
controlled by the application stored on the first and
second smart cards (30; 32) in a synchronised
interactive manner, while the terminal (POS) merely
allows direct communication between the smart cards
(30; 32), consistent with the operating protocol of the
smart cards (30; 32)."*

Claims 2 to 5 and claim 7 are dependent on claims 1
and 6 respectively.

XII.   The appellants' arguments can be summarised as follows:

According to the decision G 1/99 (OJ 2001, 381) of the
Enlarged Board of Appeal (cf reasons 2.2), a non-
appealing patentee was supposed to defend the patent as
maintained by the opposition division. In the present
case, claim 1 according to the respondent's **main
request** contained expressions, such as "*executable code
portions comprising an application*", and "*the second
transaction is controlled by the application stored on
the smart cards in a synchronised interactive manner*",
which appeared to broaden the extent of protection of
the claim found allowable by the opposition division.
The suspicion that the respondent's main request aimed
at worsening the appellant's position was corroborated
by the fact that claim 1 of the **first auxiliary
request**, which logically should be considered narrower
that the main request, corresponded to claim 1 of the
patent as maintained by the Opposition Division. Hence,
the respondent's main request should be rejected as
inadmissible since it contravened the principle of
reformatio in peius set out in G 1/99.

The wording of the last paragraph of claim 1 of the main request found no direct correspondence in the application as originally filed. In particular, the original description made no reference to *"executable code portions comprising an application"* or to the second transaction being "controlled by the application stored on the smart cards in a synchronised interactive manner", while the terminal merely allowed direct communication between the cards. In fact, the latter was in direct contradiction with the preferred embodiment of the invention which made clear that the terminal was also in control of the transaction in the sense that it could abort it if certain conditions were not met. Hence, claim 1 contained subject-matter extending beyond the content of the application as filed and, as such, it was not admissible under Article 123(2) EPC.

Document A1 related, *inter alia*, to a method for transferring funds which comprised all the steps recited in claim 1 of the respondent's main request. In particular, it taught to effect a fund transfer by running programs stored on the cards and by using a terminal as a mere interface which allowed direct communication between the cards. The fact that A1 referred explicitly to a master - slave configuration between the cards was irrelevant in the present case because claim 1 of the main request did not exclude such configuration. Hence, the subject-matter of claim 1 was not new within the meaning of Article 54(3) and (4) EPC.

XIII. The respondent argued essentially as follows:

The **main request** did not constitute a broadening of the claim as maintained by the opposition division. In fact, the objection of the appellants was only based on a suspicion that, since the main request was new and

since the claim as maintained by the opposition
division was presented as first auxiliary request,
claim 1 of the main request had to be broader than the
patent as maintained. However, the only intention of
the patentee in filing the main request was to overcome
objections raised by the appellants and referred to in
the communication of the Board accompanying the summons
to the oral proceedings. Hence, the principle of
reformatio in peius was not applicable to the present
case.

Since there had been concern expressed in the Board's
communication that the last portion of the claim as
maintained by the opposition division did not comply
with Article 123(2) EPC, the patentee sought to amend
this paragraph to bring it into conformity with the
language of the description. In fact, the last sentence
of the claim tracked very closely the express
disclosure at page 15, lines 15 to 21 of the
application as originally filed. The differences were
merely caused by the fact that the wording appeared in
a patent claim and that some clarifications were thus
required. As all amendments clearly reflected the
teaching of the originally filed application as
understood by a skilled person, they were admissible
under Article 123(2) EPC.

A1 related to a method of transferring funds between
two smart cards using a master-slave system. In such a
configuration, the application (ie the program)
relating to the actual transfer of funds was stored on
the master card and run by its CPU, while the other
card was completely "enslaved" and merely performed the
function of receiving and storing data. The gist of the
present invention, however, was to store executable
programmes (ie utilities) making up an application on
each of the two cards and in letting the cards share
the control of the fund transfer. Since in A1 only the

master card controlled the transaction, this disclosure
did not anticipate the teaching of the contested
patent. Hence, the subject-matter of claim 1 was new
within the meaning of Article 54(3) EPC.

Reasons for the decision

1.   The appeal is admissible.

Admissibility of the respondent's requests in the light of
G 1/99, G 9/92 and G 4/93

2.1   According to the appellants, the **main request** of the
        respondent should be rejected as inadmissible because
        it contravened the principle of *reformation in peius*
        expounded by the Enlarged Board of Appeal in decisions
        G 1/99 (OJ 2001, 381), G 9/92 (OJ 1994, 875) and G 4/93
        (OJ 1995, 875). In particular, the appellants
        essentially argued that the extent of protection
        afforded by claim 1 was difficult to assess since its
        language was unclear and not taken directly from the
        description. The suspicion that its subject-matter was
        broader than the one covered by claim 1 in the version
        found allowable by the Opposition Division was further
        corroborated by the fact that the latter constituted
        the respondent's first auxiliary request. It seemed,
        therefore, that the respondent, who had not filed an
        appeal against the decision of the Opposition Division,
        had submitted a new main request in order to extend the
        protection given by the patent as amended in the
        opposition proceedings.

2.2   In G 1/99, G 9/92 and G 4/93, the Enlarged Board of
        Appeal concluded that, if the opponent was sole
        appellant against an interlocutory decision by an
        opposition division maintaining the patent in amended

form, the patentee was primarily restricted in the appeal proceedings to defending the patent as thus maintained. Amendments proposed by the patentee could be rejected by the board as inadmissible if they were neither appropriate nor necessary.

2.3   In the communication dated 19 February 2002, the Board drew the parties' attention, *inter alia*, to some objections under Article 123(2) EPC raised by the appellants in their notices of appeal. In response to the Board's communication, the respondent filed a new set of claims by way of main request. Hence, in the opinion of the Board, the new main request submitted by the respondent should be interpreted as a *bona fide* attempt to defend the results obtained before the department of first instance and not as being dictated by the respondent's desire to put the opponents in a worse situation than if they had not appealed. The fact that, as a first auxiliary request, the respondent also asked that the patent be upheld in the form found allowable by the opposition division did not *a priori* imply that this version of the patent was more limited in scope than the main request and that with the latter the respondent sought, in effect, to broaden the extent of protection of the patent as maintained by the Opposition Division.

2.4   Hence, the Board concludes that the mere fact that the claims in the version as maintained by the Opposition Division now form the basis of an auxiliary request does not prove that the respondent's main request contravenes the principles set out in the Enlarged Board's decisions G 1/99, G 9/92 and G 4/93.

Main Request

Admissibility under Article 123(2) EPC

3.1   According to the appellants, the last paragraph of
        claim 1 of the main request contained unclear language
        which was not derived from the description as
        originally filed and thus covered subject-matter
        extending beyond the content of the original
        application.

3.2   The last paragraph of the claim reads as follows:

        (a1)   *"wherein the first and second smart cards each
               store executable code portions comprising an
               application"*;

        (a2)   *"which [ie the application] is split between the
               CPU's of the smart cards"*;

        (a3)   *"the running of the CPU's being facilitated and
               synchronised by the card reader terminal"*;

        (a4)   *"which card reader terminal runs a stored
               program"*;

        (a5)   *"so that the second transaction is controlled by
               the application stored on the smart cards in a
               synchronised interactive manner"*;

        (a6)   *"while the terminal merely allows direct
               communication between the cards, consistent with
               the operating protocol of the smart cards"*;

3.3   The respondent essentially argued that the case law of
        the boards of appeal regarded as admissible under
        Article 123(2) EPC amendments which were clearly and
        unambiguously derivable by a skilled person from the
        disclosure taken as a whole (see respondent's letter
        dated 10 September 2002, page 2). Since the last
        paragraph was based on the disclosure at page 15,
        lines 15 to 21 of the application as originally filed,

it complied with Article 123(2) EPC.

3.4   Page 15, lines 15 to 21 of the application as
       originally filed reads as follows:

       (b1) "*An important aspect of the invention is the*
             running of a program (application) which is
             effectively split between the two (or more) CPU's
             of the smart cards;

       (b2) *The running of these CPU's is facilitated and*
             synchronised by the card reader terminal;

       (b3) *which itself runs a stored program;*

       (b4) *However, the transaction is controlled by the*
             programs stored on the cards themselves;

       (b5) *while the terminal merely allows direct*
             communication between the cards, consistent with
             the operating protocol of the cards."

3.5   The Board agrees with the respondent that the
       information conveyed to the skilled reader by
       statement (b1) corresponds essentially to features (a1)
       and (a2) of claim 1 (see item 3.2 above) which
       essentially mean that each smart card stores **portions
       of a program making up** an application and that the
       running of such application is split between the CPU's
       of the cards.

       Features (a3) and (a4) correspond exactly to (b2).

       As to features (a5) and (a6), the appellants pointed
       out that the expression "*in a synchronised interactive
       manner*" was mentioned in the contested patent only in
       connection with the **running of a program** (see claim 2
       of the application as filed) and not with the **control**

of a transaction.

Furthermore, according to the appellants,
statement (b5) would not be consistent with
statement (b3) and the preferred embodiment of the
invention since the latter taught that the terminal
played an active role in the transfer of funds between
smart cards and (b3) specified that the terminal ran a
stored program.

3.6   The second transaction involving a transfer of funds
        between the two cards is described in the application
        as originally filed essentially in the following terms
        (emphasis added by the Board):

(i)   *Assuming now that cardholder wishes to conduct a*
        transaction with a retailer, such as the
        purchase of goods and services, the card reader
        terminal illustrated in Figure 3 is used,
        configured as a point of sale (POS) device.
        (Page 10, lines 27 to 31)

(ii)   *The* [retailer] *card outputs its identity code to*
        the device, which **verifies** *that it is a retailer*
        card, and a **handshaking procedure** *is carried out*
        as described above with reference to the funds
        transfer machine. (Page 10, line 34 to page 11,
        line 1)

(iii)   *The retailer card has a merchant information*
        file which stores, inter alia, the merchant's
        name, a "hot card" file and transaction batch
        numbers. (Page 11, line 2 to 4)

(iv)   *The main menu of the* **software stored in the**
        terminal *is now displayed, and offers a choice*
        of "Sales" or "Utilities". (Page 11, lines 4
        to 6)

(v)   *Assuming that the **"Purchase" option** is selected, the display will then prompt the retailer to enter the amount of the transaction. (Page 11, line 11 to 13)*

(vi)   *The display now prompts the cardholder to enter his client card into the second card reader, and a **handshaking procedure** once again takes place to ensure that the correct type of card is being used. (Page 11, lines 15 to 19)*

(vii)   *The sequence of events ..... includes the **generation of a random key by the client card** which is then used in the subsequent messages for this transaction. (Page 11, lines 20 to 23)*

(viii)   *The **retailer card checks** to see whether the credit balance stored thereon [ie on the retailer card] is below the permissible maximum and that the amount of the transaction will not cause the balance to exceed the maximum. (Page 11, lines 23 to 27)*

(ix)   ***Information from the client card** is now read into the RAM 12 **of the terminal**, including the client identification code and balance information. (Page 11, lines 27 to 29)*

(x)   *Once the security measures ..... have been carried out, the **terminal prompts the cardholder** to indicate whether a secure card account (SCA) transaction or a high speed self service (HSSS) transaction is desired. (Page 11, lines 29 to 34)*

(xi)   ***The terminal now runs a utility to check** whether the client card is on the "hot card" list stored on the retailer card, and if so, **aborts the***

transaction, and switches off the client card.
(Page 11, line 34 to page 12, line 1)

(xii)   **The terminal** *now prompts the cardholder to enter*
         his password. (Page 12, lines 2 to 3)

(xiii)   *If the correct password is recognised,* **a flag is**
         set in the RAM of the card. (Page 12, lines 3
         to 4)

(xiv)   The amount of the transaction, the date, the
         retailer identity, and the transaction batch
         number are now transferred directly to the
         client card in an unencrypted form. (Page 12,
         lines 4 to 7)

(xv)   **The microprocessor of the client card** *checks*
         that the flag in the RAM is correctly set to
         indicate the use of the correct password, and
         checks the identity of the retailer card to
         ensure that it is in fact a retailer card.
         (Page 12, lines 7 to 11)

(xvi)   The transaction information is then stored in
         the RAM of the card.

(xvii)   *The transaction information is now written to*
         the transaction file on the client card and **the**
         balance in the client card is updated *(that is,*
         reduced) and stored in a non volatile memory
         area of the card. (Page 12, lines 13 to 16)

(xviii) If the amount of the transaction is greater than
         the stored balance (that is, an impermissible
         transaction) **the card is put into a CPU loop so**
         that it "hangs", and cannot be reset except **by**
         aborting the transaction. (Page 12, lines 16
         to 20)

(xix)   **The terminal** now **transmits** the encrypted
         transaction information to the retailer card,
         and

(xx)   *the cardholder's identification number and the*
         record sequence number are checked, both to
         ensure a valid transaction and to ensure correct
         decryption. (Page 12, lines 23 to 27)

(xxi)   *The accumulated credit balance on the* **retailer**
         card *is now updated.* (Page 12, lines 27, 28)

(xxii)   *Similarly to the client card, the card will*
         "hang" if the total balance exceeds the maximum
         permissible limit. (Page 12, lines 28 to 30)

(xxiii) The amount of the transaction, the client card
         unique sequence number (USN), and the financial
         institution issuer code are now encrypted with
         the key of the data network, and this
         information is stored in a non volatile area on
         the retailer card. (Page 12, lines 30 to 35)

(xxiv)   **The entire transaction** *takes place on an off-*
         line basis, using only the **two smart cards** *(the*
         client card and the retailer card) **and** *the*
         stand - alone **card reader terminal.** (Page 13,
         lines 16 to 19)

3.7   In the opinion of the Board, the above passages of the
         description teach the skilled person essentially the
         following:

-        the second transaction, which relates to a
         transfer of funds from the first smart card to
         the second smart card, comprises a plurality of
         steps involving either the **authorisation** of the
         fund transfer (see *(ii), (vi), (viii), (ix),*

(xi), (xii), (xiii), (xv), (xviii), (xx), (xxii)) or the **actual transfer** of a credit value from one card to the other (see *(xiv), (xvii), (xix), (xxi), (xxiii))*;

- the steps relating to the **authorisation** of the transaction are performed both by programs run by the terminal and by programs stored on the two cards;

- the steps relating to the reduction of a credit value stored on one card and the recording of a corresponding credit value on the other card are performed by programs stored on the corresponding cards;

- such programs are performed in a synchronised interactive manner in the sense that their running follows a certain sequence and that the result of one program (eg reducing the credit value) is linked to the operation performed by the other program (eg recording a corresponding credit value);

- as far as the transaction steps relating to the actual transfer of funds are concerned, the role of the terminal consists merely in allowing direct communication between the cards.

4.8   Hence, in the opinion of the Board, claim 1 of the main request finds support in the application as originally filed if it is assumed that:

- feature (a6) (see item 3.2 above) relates **only** to the steps which involve the **transfer of credit** between the cards and **not** to the **complete transaction**:

-        "*controlled..in a synchronised interactive
         manner*" (see feature (a5)) relates to the fact
         that such steps are **performed** by programs run
         "*in a synchronised interactive manner*" and not
         to the way the transfer is actually
         "*authorised*".

Validity of the priority document ZA 897 607 (06.10.89)

5.1   As pointed out by the appellant 01 in the notice of
         appeal, the older priority document claimed by the
         contested patent does not show a system comprising the
         following features:

-        a second smart card;

-        a card reader terminal which merely allows
         communication between the first and second smart
         cards.

         Furthermore, the above document does not disclose the
         step of;

-        "*recording a corresponding credit value in the
         second smart card*",

         and all the features recited in the characterising part
         of claim 1 or of claim 6 of the patent as maintained by
         the Opposition Division (ZA 897 607, page 6, from
         line 7).

5.2   Hence, according to the appellant 01, the filing date
         (**06.10.89**) of document **ZA 897 607** could not serve as a
         basis for claiming a right of priority.

         The respondent did not contest the submissions of the
         appellant 01 as to the validity of the older priority.

5.3   The Board agrees with the appellant 01 that document
        ZA 897 607 and the application as originally filed do
        not relate to the same invention within the meaning of
        Article 87(1) EPC and that, therefore, the only valid
        priority date is the filing date (**06.09.90**) of the
        later document **ZA 907 106**

Novelty

6.1   Document A1 was published on 14 November 1991 and
        claims a priority (03 May 1990) older than the only
        valid priority of the contested patent. Thus, A1
        constitutes prior art according to Articles 54(3)
        and (4) EPC in conjunction with Article 158(1) and (2)
        EPC for the commonly designated states.

6.2   It is undisputed that A1 *relates, inter alia*, to a
        method for transferring funds, including the steps
        recited in the first part of claim 1 of the
        respondent's main request. As to the second part of the
        claim, the appellants essentially argued that the
        corresponding steps were either explicitly or
        implicitly disclosed in A1, whereas, according to the
        respondent, they were sufficient to distinguish the
        subject-matter of the claim from A1 which related to a
        transaction based on a master-slave relationship
        between smart cards.

6.3   Hence, the essential points to be considered now are
        whether the teaching of A1 relates only to cards linked
        by a master-slave relationship and whether such
        relationship is excluded by the wording of the second
        part of claim 1.

7.1   A1 defines some of the objects of the corresponding
        invention as follows:

- enabling one or several microcircuit cards to dialogue with each other *(*see page 5, lines 27 to 28: *"permettre à une ou plusieurs cartes à microcircuit de converser entre elles"*);

- providing very simple equipment allowing communication to take place between two or several microcircuit cards, said equipment remaining relatively transparent during said communication (page 6, lines 1 to 4: *"réaliser un matériel très simple permettant la communication entre deux ou plusieurs cartes à microcircuit tout en restant relativement transparent pendant cette communication"*);

7.2   In particular, A1 specifies the following:

- the task of the communication unit 11 (ie the terminal linking the two cards) is limited to carrying out comparison of the data contained in the two protocols (contained in the microcircuits of the cards), the **criteria for compatibility** being always determined by the microcircuit of the card which is the "master" of operations during the envisaged transaction; if the criteria are satisfied, the "master" card ascertains that the transaction between the cards is possible. The communication unit is now responsible for setting up a link between the serial output from the first card and the serial input of the second card, the actual process of transfer being **under the control** of the card which is the "master" in the transaction. (See page 19, lines 24 to 30: *"La tâche du microcontrôleur 11 est limitée à une comparaison des données contenues dans les deux protocoles, les critères de compatibilité sont toujours déterminés par le microcircuit de la carte qui est "maître" des opérations au cours de*

*la transaction envisagée; si les critères sont
satisfaits, la carte "maître" constate que la
transaction entre les deux cartes est possible. Le
microcontrôleur se charge donc alors de
l'établissement d'une liaison entre la sortie
série de la première carte et l'entrée série de la
deuxième carte, le processus de transfert lui-même
étant sous la commande de la carte qui est
"maître" de la transaction")*

- The purpose of the transaction between card 5 and
  card 2 is to transfer a clearly defined part of
  the data contained in the data memory 21 into one
  or several determined regions of the memory of
  microcircuit card 2. One could consider card 2 as
  being "virgin" but, in fact, this card already
  includes some programming at least in the form of
  an authorisation protocol enabling it to receive
  data and to optionally arrange such data in a
  correct manner. (See page 20, lines 17 to 25: *"Le
  but de la transaction entre la carte 5 et la
  carte 2 et* [sic] *de transférer une partie bien
  définie des données contenues dans la mémoire de
  données 21 vers une ou plusieurs zones déterminées
  de la mémoire de la carte à microcircuit 2. Cette
  carte 2 peut être considérée comme étant "vierge",
  mais, en fait, la carte comporte déjà une
  programmation au moins sous forme d'un protocole
  d'habilitation à recevoir des données et à les
  ranger, éventuellement, d'une façon correcte".*

- One example of the use of the transaction device 1
  (ie terminal) is to credit the data memory of card
  2 with a certain amount of money which is
  simultaneously debited from the data memory of
  card 5. This involves a transfer of data that are
  able to be transferred from card 5 to card 2 with
  the corresponding data initially held in card 5

disappearing. (See page 21, lines 3 to 9: *"Un
exemple d'utilisation de l'appareil 1 est de
créditer la mémoire de données de la carte 2 d'une
certaine somme d'argent dont est simultanément
débitée la mémoire de données de la carte 5. Il
s'agit là du transfert de données susceptibles
d'être transférées de la carte 5 à la carte 2 avec
élimination de ladite donnée initialement contenue
dans la carte 5."*)

7.3   From the above, it can be concluded that A1 discloses a
        method of transferring funds between a first card and a
        second card, whereby the first card is "master" in the
        transaction, in the sense that it contains **all the
        intelligence** (*"toute l'intelligence"*) **authorising** the
        transaction. However, the method of A1 also attributes
        an active role to the "slave" card which runs some
        programs and thus performs some steps of the
        transaction, such as "arranging correctly" the data (ie
        a certain amount of money) transferred from the
        "master" card 5. In other words, the master – slave
        relationship between the two cards referred to in A1
        does not imply that only one card performs all
        functions (ie runs all the programs) required in a
        transfer of funds.

        As to claim 1 of the main request, its wording does not
        cover steps relating to the "authorisation" of a
        transaction and, consequently, does not define any
        relationship between the cards (or between the cards
        and the terminal) as far the actual "authorisation" of
        the transaction is concerned. As to the transfer of
        credit between the cards, claim 1 merely implies that
        the corresponding transaction steps are performed by
        programs stored on the cards and run by their
        respective CPU's (see item 4.8 above).

8.1   Summarising, the Board considers that claim 1 of the

main request cannot be interpreted as defining a method in which the transfer of funds is controlled exclusively by both cards, in the sense that only the cards are responsible for authorising the transaction, since this interpretation would contradict the preferred embodiment. The only interpretation of claim 1 complying with such preferred embodiment assumes that the last part of the claim relates to the fact that the programs which carry out the transfer of funds are stored in both cards and are actually performed by their respective CPU's. Such a method of transferring funds is, however, anticipated by A1 which in fact discloses a method in which programs stored on the cards are actively involved in the transfer of funds.

8.2   Hence, in the opinion of the Board, the method of transferring funds taught by A1 falls within the terms of claim 1 of the main request and, thus, the subject-matter of this claim is not new within the meaning of Articles 54(3) and (4) EPC.

Admissibility of further requests

9.1   Since the respondent requested at the start of the oral proceedings that the sets of claims according to Annex 2 (first auxiliary request) and Annex 3 (second auxiliary request) filed on 10 September 2002 be replaced by the claims filed as main and auxiliary requests on 25 June 1999, the Board considers that the former claims had been effectively abandoned and that the submission of claim 1 of Annex 3 by way of auxiliary request during the oral proceedings had to be regarded as a late filing of an auxiliary request.

9.2   According to the case law of the boards of appeal, the late filing of auxiliary requests should be refused, if

the amended claims are not "clearly allowable" (cf.
T 153/85 (OJ 1988, 1)).

Late-filed amendments or auxiliary requests may,
however, be admitted into the appeal procedure provided
that the late filing is justified, the new requests are
bona fide attempts to overcome the objections raised,
and their allowability can be established without the
board conducting investigations (see T 95/83
(OJ 1985, 75), T 153/85 (OJ 1988, 1), T 406/86
(OJ 1989, 302).

9.3   Claim 1 of the auxiliary request (corresponding to
        claim 1 of the Annex 3 filed on 10 September 2002)
        submitted by the respondent to the Board's attention
        was based on language which had already been objected
        to by the appellants and by the Board as not complying
        with the requirements of Article 123 (2) EPC. Since
        this claim would have raised again issues which had
        already been dealt with in relation to claim 1 of the
        main request, it could not be regarded as a serious
        attempt on the part of the respondent to overcome all
        the essential objections against the maintenance of the
        patent.

9.4   Hence, in the light of the established case law of the
        boards of appeal, the respondent's auxiliary request
        had to be regarded as inadmissible.

9.5   Since the respondent was given an opportunity to file a
        new request in order to overcome all outstanding
        objections but failed to submit a claim which was
        obviously allowable, the Board considers that admitting
        further requests at the end of the oral proceedings
        would have unduly delayed the appeal procedure and been
        contrary to procedural fairness.

10.   In summary, the Board finds that, since the
        respondent's main request is not allowable and none of
        the auxiliary requests is admissible, there is no basis
        for the maintenance of the patent.

Order

For these reasons it is decided:

1.   The decision under appeal is set aside.

2.   The patent is revoked.

The Registrar: The Chairman:

R. Schumacher   G. Davies

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