

ET0685.98 - 982670025

**Decision of Technical Board of Appeal 3.5.2 dated
21 September 1998**

T 685/98 - 3.5.2

(Language of the proceedings)

Composition of the board:

Chairman: W. J. L. Wheeler

Members: R. G. O'Connell

A. C. G. Lindqvist

Applicant: GPT Limited

Headword: Clock synchronisation/GPT

Article: 96(2), (3), 97(1), 109(1), (2), 111(1), 113(1), 125 EPC

Rule: 52(2), 67 EPC

Article: 10 RPBA

**Keyword: "Procedural request a reply for the purposes
of Art. 96(3) EPC - no" - "Refusal decision ultra vires - yes" - "Reimbursement
of appeal fee equitable - yes" - "Remittal to examining division for further
prosecution"**

Headnote

*I. The phrase "fails to reply in due time to any invitation under ... paragraph 2" in
Article 96(3) EPC has to be construed in the light of the purpose of the invitation
pursuant to Article 96(2) EPC and Rule 51(2) EPC, which is to afford the applicant an*

opportunity to exercise his right to present comments in accordance with Article 113(1) EPC. Hence a letter from the applicant which neither exercises nor waives that right is not a reply for the purposes of Article 96(3) (reasons 3.2 and 3.3).

II. Where no reply other than such a letter has been received, a purported refusal pursuant to Article 97(1) EPC is ultra vires - and hence voidable ab initio - since Article 97(1) expressly precludes refusal "where a different sanction is provided for by this Convention", the sanction provided under Article 96(3) for failure to reply being "the application shall be deemed to be withdrawn" (reasons 5.1).

III. In particular, where an applicant's letter of reply to a first Rule 51(2) communication contains only a procedural request devoid of any substantive implications (here a request for a replacement communication detailing the legal basis under the EPC rather than the PCT of the objections raised in the communication, and a request that a new time limit be set for reply) the examining division has no power to refuse the application under Article 97(1) EPC (reasons 4.3 and 4.5).

IV. In unclear cases there can be no presumption that an applicant has waived his right to be heard under Article 113(1) EPC. Hence a refusal decision pursuant to Article 97(1) EPC (here purported refusal decision by reason of it being ultra vires) based on such a presumption and taken before expiry of the term originally set for reply to a communication contravenes Article 113(1) and thus involves a substantial procedural violation (reasons 3.3, 4.6, 4.8 and 5.3).

*V. Where a **fundamental procedural right** has manifestly been violated in a refusal pursuant to Article 97(1) EPC, or in the foregoing examination procedure, a further substantial procedural violation occurs if the examining division fails to grant interlocutory revision on appeal (following T 647/93, OJ EPO 1995, 132) since such a right must be safeguarded irrespective of the substantive merits of the case (reasons 6.2).*

Summary of facts and submissions

I. This is an appeal from the refusal by the examining division of European patent application No. 95 938 496.7, the appellant alleging that the refusal was *ultra vires*.

II. On 26 February 1998, the examining division issued a first communication pursuant to Article 96(2) and Rule 51(2) EPC in the following terms:

"1. An international preliminary examination report has already been drawn up for the present application in accordance with the PCT. The deficiencies mentioned in that report give rise to objections under the corresponding provisions of the EPC.

2. It is not at present apparent which part of the application could serve as a basis for a new, allowable claim. Should the applicant nevertheless regard some particular matter as patentable an independent claim including such matter should be filed taking account of Rule 29(1) EPC.

The applicant should also indicate in the letter of reply the difference of the subject-matter of the new claim vis-à-vis the state of the art and the significance thereof."

A term of four months was set for reply to the communication and the facing sheet included the following notice in bold type:

"Failure to comply with this invitation in due time will result in the application being deemed to be withdrawn (Article 96(3) EPC)."

III. The applicant (now appellant) replied by letter dated 5 March 1998 as follows:

"The above Communication is rejected by the applicant as it fails to provide a reasoned statement covering all the grounds against the grant of the patent as required by Rule 51(3) EPC. As no objections under the EPC are explicitly identified

in the Communication it is not possible for the applicant's representative to draft a response.

The Examiner is therefore respectfully requested to issue a new Communication correcting the above identified deficiencies. The Examiner is requested to define a new period for the applicant to file their response with reference to the new Communication.

The Examiner's attention is drawn to the provisions of Article 113 EPC and to Decision T 951/92 which refers to that Article and to Rule 51(3)."

IV. On 29 April 1998 the examining division issued the decision under appeal which concluded with the words:

"the application is refused under Article 97(1) EPC."

The reasons given for the refusal were lack of novelty of claims 1 and 2, lack of clarity of claim 3 and, on a possible construction of the claim, lack of inventive step of claim 3.

The decision also included the following observation at point 21:

"In fact there is **no** (examining division's emphasis) reply whatsoever to be found in this file to any of the objections raised in the international preliminary examination report and which were taken over into the regional phase by the first communication. This lack of reply is particularly patent in relation with the novelty objection.....".

V. On 24 June 1998, which was within the four month term set for reply to the communication of 26 February 1998, the applicant faxed a substantive response to the Rule 51(2) communication, traversing the objection of lack of novelty, amending the claims and the description in response to the objections which had been raised and requesting oral proceedings should refusal be contemplated.

VI. The appellant requests that the decision under appeal be declared null and void and that the appeal fee be refunded.

VII. The appellant's arguments can be summarised as follows:

The applicant's letter of 5 March 1998 was not a refusal to respond to the Rule 51(2) communication, merely an objection to the form of the communication and a reasoned request for a communication explicitly identifying "the corresponding provisions of the EPC".

Despite not having received the courtesy of a reply to this letter, the appellant faxed a substantive response to the Rule 51(2) communication before the expiry of the term set for reply.

Article 97(1) EPC states that: "The Examining Division shall refuse a European patent application if it is of the opinion that such application or the invention to which it relates does not meet the requirements of this Convention, **except where a different sanction is provided for by this Convention**" (appellant's emphasis).

As a period for responding to a communication was in effect at the time the refusal was made it appeared that a response could still be made regardless of the opinion of the examining division regarding the views believed to have been expressed by the representative. At that time Article 97(1) could not be applied.

Reasons for the decision

1. The appeal is admissible.

2. The first question to be answered in the examination of this appeal is whether the examining division was empowered under the EPC to refuse the application in the factual and legal situation prevailing at the date of the decision under appeal.

3. *Relevant law and jurisprudence*

3.1 If an applicant fails to reply to a communication pursuant to Article 96(2) EPC and Rule 51(2) EPC inviting him to file his observations on the disclosed deficiencies, Article 96(3) EPC prescribes that the application shall be deemed to be withdrawn. Refusal of the application under Article 97(1) EPC is precluded, the mandatory expression 'shall' in Article 96(3) being echoed by the saving clause in Article 97(1): "except where a different sanction is provided for by this Convention".

3.2 Hence the receipt of a reply within the meaning of Article 96(3) is a precondition for the application of Article 97(1) following a Rule 51(2) communication. Furthermore the phrase "fails to reply in due time to any invitation under ...paragraph 2" in Article 96(3) has to be construed in the light of the purpose of the invitation pursuant to Article 96(2) and Rule 51(2), which is to afford the applicant an opportunity to exercise his right to present comments in accordance with Article 113(1) EPC. Thus in decision J 37/89, OJ EPO 1993, 201, the Legal Board of Appeal construed Article 96(3) EPC to mean that an applicant who merely requests an extension of the term for reply which request is then refused, 'fails to reply' within the meaning of that subarticle, with the consequence that the application must be deemed withdrawn (reasons 3.3), while decision T 160/92, OJ EPO 1995, 35, concluded that a letter of reply to a communication of the examining division filed in due time by the applicant and dealing with substantial points of this communication was sufficient to constitute a reply within the meaning of Article 96(3), thus precluding deeming the application withdrawn (headnote and reasons 3.5). Both of these decisions also expressed the view that a letter of reply did not have to be (substantively) complete or cogent in order to qualify as a reply within the meaning of Article 96(3). Another form of reply which can result in a valid refusal of an application was referred to in decision J 29/94, OJ EPO 1998, 147, in relation to Article 110(3) EPC, which employs the same wording as Article 96(3) in the analogous context of the appeal procedure; this latter decision observed that if the applicant did not want to reply in substance to a communication under Article 110(2) EPC it was permissible for him to ask for a decision on the file as it stood

(reasons 1.1.2, last sentence). This latter type of reply is in effect a waiver of the right under Article 113(1) to present comments in relation to the disclosed deficiencies.

3.3 Thus, prior to a valid refusal the applicant must either have exercised his right to comment or have waived this right. As was emphasised by the Enlarged Board of Appeal in decision G 1/88, OJ EPO 1989, 189 (reasons 2.4, last sentence), surrender of a right cannot, however, be simply presumed (A jure nemo recedere praesumitur).

4. Application to the facts in this case

4.1 The Rule 51(2) communication of the examining division implicitly incorporated by reference the international preliminary examination report which had been drawn up for the originating international application. It was informal to the extent that it left it to the applicant to interpret the international preliminary examination report in the light of its representative's presumed familiarity with the provisions of the EPC and, where necessary, access to a concordance between the provisions of the PCT and the EPC.

4.2 Essentially by return of post the applicant requested a more formal communication explicitly detailing the objections under the EPC and that a fresh term be set for reply to the replacement communication.

4.3 This reply manifestly did not purport to file observations on any of the deficiencies disclosed in the Rule 51(2) communication, a fact reflected in the observation to that effect at point 21 of the decision under appeal cited at point IV above. It was not a substantive reply in the sense of meeting the sufficient condition set out in T 160/92. Nor was it, in the judgement of the board, reasonably interpretable as a waiver of the right to be heard of the kind associated with a request for a decision on the file as it stands as mentioned in J 29/94. It was, quite

simply, a reasoned procedural request devoid of any substantive implications, made while the term set for reply to the communication was still running.

4.4 It may be useful to recall that certain procedural requests have an explicit formal basis in the EPC, eg requests for extension of term for reply (Rule 84), oral proceedings (Article 116), interruption of proceedings (Rule 90), correction of errors in documents filed at the EPO (Rule 88) etc, and explicit procedures are laid down for dealing with them. But this does not imply that other procedural requests could not be entertained and the examining division has, of necessity, an inherent discretion to deal with such 'non-statutory' requests in a reasonable way. Within this discretion certain requests could reasonably be ignored, eg if deemed frivolous or vexatious, others may be granted or refused.

4.5 It would not be appropriate for the board to fetter this discretion by prescribing what response the examining division should have made to the applicant's letter of reply which contained only a request for a replacement communication detailing the legal basis under the EPC rather than the PCT of the objections raised in the communication, and a request for the setting of a new time limit for reply to the replacement communication. It is sufficient to say that immediate refusal of the application under Article 97(1) was not possible at that stage, since the necessary preconditions for the application of this subarticle were not fulfilled (point 3.3 above).

4.6 It seems hardly justified to interpret the statements "The ... communication is rejected by the applicant" and "it is not possible for the applicant's representative to draft a response" as implying a firm intention not to file a substantive response to the communication unless the requested replacement communication was received. The statements can therefore not be understood as a waiver, express or implied, of the rest of the four month term set for reply; nor do they trigger the procedure leading to deemed withdrawal for failure to reply (Article 96(3) EPC); neither do they preclude the applicant from requesting an extension for the term to reply under Rule 84 EPC nor from subsequently requesting further processing under Article 121 EPC following notification of loss of rights under Rule 69 EPC.

4.7 The decision under appeal also includes the following observation at point 21:

"Moreover, despite of the fact that the applicant's representative was instructed by the Examining Division what he **had to do** (examining division's emphasis), namely to file an independent claim which would include some particular subject-matter he regards as patentable and to indicate in the letter of reply the difference of the subject-matter of the new claim vis-à-vis the state of the art and the significance thereof within a period of 4 months given for this, the applicant's representative, in his reply of 05.03.98, did **none** (examining division's emphasis) of this in order to avoid refusal of the application."

And at point 22:

"Therefore it is considered that all Articles of the EPC are respected before refusing the application, in particular Art. 113 EPC, because the refusal decision is based on grounds and evidence on which the applicant has had an opportunity to present his comments."

4.8 It appears from the above-quoted passages that the examining division believed that the applicant, by making a simple procedural request by return of post, had somehow forfeited his right to present comments during the remainder of the 4 month term set for reply. Such a view would seem to imply that any letter the applicant sent after receipt of the Rule 51(2) communication was to be treated as his definitive reply even if the time limit set for reply had not expired. However, on a proper interpretation of the letter of 5 March 1998, the applicant had neither exercised nor waived his right to present comments under Article 113(1) EPC on the substantive issues. Nor, as the time set for reply had not expired, could he have forfeited this right. Thus the precipitate refusal, while there were still some two months of the term for reply unexpired, did indeed contravene Article 113(1) by depriving the applicant of an opportunity to present such comments.

5. *Conclusions*

5.1 It follows from the above analysis that since, at the time the decision under appeal was completed, no reply within the meaning of Article 96(3)- on its proper purposive construction - had been received, the purported refusal pursuant to Article 97(1) was ultra vires - and hence voidable ab initio - since Article 97(1) expressly precludes refusal "where a different sanction is provided for by this Convention", the sanction provided under Article 96(3) for failure to reply being "the application shall be deemed to be withdrawn".

5.2 This represents a fundamental deficiency in the first instance procedure within the meaning of Article 10 of the Rules of Procedure of the Boards of Appeal (Ancillary Regulations to the EPC, 1998, Article 23(4)-2) which, absent special reasons, entails a mandatory remittal to the department of first instance in exercise of the board's powers under Article 111(1) EPC. It also constitutes a substantial procedural violation within the meaning of Rule 67 EPC which means that the question of whether reimbursement of the appeal fee would be equitable in the circumstances has to be considered. Since the applicant was obliged to file this appeal to recover the procedural rights which he had been denied the board judges that reimbursement is equitable.

5.3 In addition, since the precipitate decision contravened Article 113(1) EPC, depriving the applicant of one of his fundamental rights under the convention, it involved a further substantial procedural violation.

6. *Other considerations - Article 109 EPC*

6.1 The provisions of Article 109(1) EPC are tailor-made to enable the examining division to rectify expeditiously procedural irregularities of the kind which occurred in this case. However, it appears that the examining division either failed to recognise that its decision to refuse when no reply within the meaning of Article 96(3) EPC had been received was ultra vires (notwithstanding the submission of the appellant - summarised at point VII above), or, despite this recognition, did not appreciate that it

was mandatory in those circumstances to apply the said provisions and set its own purported decision aside.

6.2 By virtue of Article 109(2) EPC the examining division is prevented from indicating the reasons it had for not setting its decision aside so that the board can only surmise these reasons. In view of the second paragraph of the communication of the examining division of 26 February 1998 (point II above), it may be that the examining division regarded the substantive response of 24 June 1998 as insufficient to overcome the objections which had been raised in the international preliminary examination report and believed that no purpose would be served by setting its decision aside under Article 109(1) in order, at the end of the day, to issue a new refusal decision. It may, therefore, be useful to point out that the pragmatic criterion of reasonable likelihood that the reopened procedure will lead to a patent being granted is not applicable where procedural rights are at issue as in the present case; the right to be heard (Article 113 EPC), the right to oral proceedings (Article 116 EPC), and the right to have ultra vires procedural steps voided (subsumed under Article 125 EPC), are fundamental legal rights which may not be subordinated to considerations of administrative efficiency. Accordingly the board takes this opportunity to stress the fact that where a fundamental procedural right has manifestly been violated in a refusal pursuant to Article 97(1) EPC, or in the foregoing examination procedure, a further (in the present case, third) substantial procedural violation occurs if the examining division fails to grant interlocutory revision on appeal (T 647/93, OJ EPO 1995, 132, reasons 2.6) since such a right must be safeguarded irrespective of the substantive merits of the case. It should be borne in mind that when in such cases interlocutory revision under Article 109(1) EPC is not granted, the applicant is burdened with additional expense and delay (which may amount to several years) before he can obtain redress through the appeal procedure.

Order

For these reasons it is decided that:

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