



Case Number: J 0012/01 - 3.1.1

D E C I S I O N
of the Legal Board of Appeal 3.1.1
of 26 March 2003

Appellant:

HIGHLAND INDUSTRIES, INC.
422 Gallimore Dairy Road
Greensboro, North Carolina 27409 (US)

Representative:

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Decision under appeal:

Decision of the Examining Division of the
European Patent Office dated 21 November 2000
refusing European patent application
No. 96 306 765.7.

Composition of the Board:

Chairman: J.-C. Saisset
Members: R. T. Menapace
J. H. P. Willems

Summary of Facts and Submissions

- I. On 12 January 2001 a notice of appeal was lodged against the decision of the examining division dated 21 November 2000 refusing European patent application No. 96 306 765.7 for non-compliance with the requirements of Article 83 EPC.
- The appeal fee was paid on 18 January 2001 and the statement setting out the grounds for appeal was filed on 23 March 2002.
- II. Interlocutory revision pursuant to Article 109(1) EPC was granted and the decision under appeal was set aside. The formalities officer, on the behalf of the examining division, informed the appellant (applicant) accordingly by a letter dated 14 May 2001. He was also advised, that the request for reimbursement of the appeal fee had not been allowed [by the examining division] and that the request would therefore be referred to the Boards of Appeal for a decision.
- III. Accordingly, the request for reimbursement was referred to the Boards of Appeal. With the consent of the chairman of the technical board which would have been in charge of the appeal if it were to be considered a technical case, it was then allocated to the Legal Board of Appeal.
- IV. The referral in question to a board of appeal reflects the practice of the department of first instance in *ex parte* proceedings, which follows decision J 32/95 (O.J. EPO 1999,713) - see point 2 below. Since that decision was given on 24 March 1999 six cases, where following the grant of interlocutory revision the request for reimbursement of the appeal fee was the sole subject matter of the subsequent proceedings

before the Boards of Appeal, have been decided, all of them by a technical board (T 790/98 - 3.3.1, T 647/99 - 3.2.2, T 697/01 - 3.3.1, T 700/01 - 3.3.3, T 768/02 - 3.2.1 and T 1183/02 - 3.5.2); several more are pending.

- V. In reply to the communication of the Legal Board of Appeal dated 15 October 2001 the Appellant, by letter received on 22 October 2001, submitted further arguments in support of the request for reimbursement of the appeal fee, which request he maintained; he withdrew, however, his request for oral proceedings.

Reasons for the Decision

1. The decision J 32/95 (Headnote) held:

I. Under Rule 67 EPC, in the event of interlocutory revision, the department whose decision has been impugned does not have the power to refuse a requested reimbursement of the appeal fee.

II. Such power lies with the board of appeal.

III. If the department whose decision is contested considers the requirements of Article 109 EPC for interlocutory decision to be fulfilled, but not the requirements of Rule 67 EPC for reimbursement of the appeal fee, it must rectify its decision and remit the request for reimbursement of the appeal fee to the board of appeal for a decision.

As a consequence of this finding which concerns the distribution of powers between the departments of first instance and the Boards of Appeal, the Boards of Appeal have been regularly confronted with (isolated) requests for reimbursement for the appeal fee in cases where interlocutory revision had been granted (see point IV, above).

2. This raises the question of how boards of appeal competent to deal with such isolated requests should be constituted pursuant to Article 21 EPC, in particular, whether a "technical" or the "legal" board is competent to decide on such requests. In any individual case, this question has to be answered before examination of whether the requirements of Rule 67 EPC are fulfilled, which examination is also conditional upon taking the same view as in J 32/95, namely that the Boards of Appeal are actually (and exclusively) empowered to decide on such isolated requests.

- 2.1 As regards the composition of a competent board of appeal in such situations, decision J 32/95 is silent. However, the fact that the Legal Board then dealt also with the merits of the requested refund of the appeal fee (rejection - point 2 of the order) is not determinative, because in that case the Legal Board was faced with a formal appeal against an explicit decision of an examining division, namely the distinct decision which it had taken on the request for refund and which was then held *ultra vires*. So this was clearly a situation under Article 21(2)(c) EPC. In contrast, following said finding of the Legal Board of Appeal which was confirmed in decision T 790/98 (reason 2), in the cases mentioned under point IV, above, the department of first instance, after having granted interlocutory revision, abstained from taking a decision on the request for reimbursement, so that the five (different) boards of appeal had to decide on that

request only. All of them must have been of the opinion that they as technical boards were competent, but only one of them has given reasons for this view (T 700/01, 4.3.3 below).

2.2 The issue under consideration is clearly not a conflict under the business distribution scheme which were to be decided by the (extended) Presidium of the Boards of Appeal under Rule 10(4) EPC. Allocation of duties within the meaning of said provision comprises, at least according to the common understanding and practice, the distribution of the workload amongst Boards of the same composition, ie an administrative exercise aiming at an efficient deployment of the human resources available for the duties set out in Article 21 EPC. In which of the compositions provided for in the EPC the Boards of Appeal have to decide on a particular issue, is a legal question which has to be answered as the basis for, and thus prior to the fixing of the business distribution pursuant to Rule 10(4) EPC.

3. The only provisions on the composition of the Boards of Appeal are found in Article 21(2) and (3) EPC (and in Article 22 EPC in respect of the Enlarged Board of Appeal, whose composition/competence is, however, not at issue here), where that composition is determined for the purposes of the performance of the Boards' responsibilities as defined in Article 21(1) EPC, namely "the examination of appeals from the decisions of the Receiving Section, Examining Divisions, Opposition Divisions and the Legal Division". In the present board's view, however, it is questionable, whether and how these provisions are applicable in the situation under consideration, because once the appeal

has been dealt with in substance by way of interlocutory revision, the procedural nature of an isolated request for reimbursement of the appeal fee, which has been referred to a board of appeal in accordance with J 32/95, is unclear:

- 3.1 Either, such a request is considered as a **continuation of the appeal on narrower grounds** - a "residuary appeal" in the terminology of T 1183/02 -, namely concerning an ancillary issue to which the procedural rules of the main issue apply. If so, the criteria for determining the composition of the Board of Appeal pursuant to Article 21 EPC would remain fully applicable notwithstanding the fact that the decision under appeal as such has been set aside in its entirety (so that insofar the devolutive effect of an appeal - see decisions J 32/95, 2.3.3 of the reasons, T 473/91, 1.3 of the reasons - did not materialise). As a consequence, the board's composition would be clear in all situations envisaged in that provision, including where "the decision was taken by an Examining Division consisting of four members" (Article 21(3)(b) EPC), in which case the remaining request for reimbursement of the appeal fee would be a matter to be decided by a Board of Appeal consisting of five (three technically and two legally qualified) members. In practice, the large majority of the requests at issue would then have to be decided by a "technical" board pursuant to Article 21(3)(a) EPC, the responsibility of the Legal Board of Appeal being limited to cases, where the decision under appeal had been taken and rectified by the Receiving Section (or the Legal Division).
- 3.2 Or, after interlocutory revision the request in question is construed as a **separate independent appeal against an (implicitly) negative decision of the first instance**, namely not to order the requested

reimbursement. Whilst the legal basis or concept, on which such a double fiction could be relied upon, is not immediately evident, the resulting full applicability of Article 21 EPC would again provide a clear answer as to the board's composition, namely equally five members pursuant to Article 21(3) (b) EPC where the interlocutory revision was granted by an examining division consisting of four members and - in contrast to the approach set out in the foregoing paragraph - three legally qualified members (the "Legal Board of Appeal") in all other cases (Article 21(3) (c) in conjunction with (a) EPC).

3.3 Or, although the appeal is no longer pending after it has been dealt with by interlocutory revision, the requested reimbursement of the appeal fee is a *matter sui generis*, which as such has to be decided upon by the Boards of Appeal.

3.3.1 It could be argued that once the decision under appeal has been "rectified" under Article 109 EPC, in effect it has been set aside by the competent department of first instance, so that there is no longer room for a board of appeal to act as a department of review instance. Furthermore, the question concerns the reimbursement of the appeal fee which has not been - and, according to decision J 32/95, must not be - the subject of a (negative and therefore) appealable decision of the department of first instance within the meaning of Article 111(1) EPC. So, if nevertheless the board is called upon to decide directly and exclusively on such a request, this power must be considered as distinct from and additional to the boards' responsibility under Article 21(1) EPC, namely to examine "appeals from decisions" of a department of first instance.

- 3.3.2 It is pointed out in this context that the findings of decision J 32/95 were based on an analysis of Rule 67 EPC whose wording was found to reveal "something of a lacuna" in respect of the power to refuse the reimbursement of the appeal fee (2.4 of the reasons, end of first paragraph) and not on an interpretation of Article 21 EPC. Decision T 700/01 (the only one raising the question of the composition of the Boards - point 3.1 above) observed in point 3 of the reasons: "... the board of appeal derives its competence only by the remittal of the request for reimbursement of the appeal fee. This situation is not envisaged by Article 21 EPC which only deals with the composition of boards in the case of an appeal".
- 3.3.3 If the boards' power to decide on the requests in question is not derivable from Article 21 EPC, then one is faced with a novel legal situation (*sic!* - T 700/01) in which a gap in the law, similar and consequential to the "lacuna" identified in decision J 32/95 in respect of the "vertical" distribution of powers between the departments of first and second instance, exists in respect of the "horizontal" delimitation of competence among differently composed boards of appeal. Filling this gap would not be merely a matter of interpretation of an individual provision of the EPC, as eg in the case of decision G 2/90 (OJ EPO 1992,10) which concerned the responsibility of the Legal Board of Appeal under Article 21(3)(c) EPC.
- 3.4 Or else, one concludes that an outstanding request for reimbursement under Rule 67 EPC is actually **not a matter to be decided by the Boards of Appeal**. The problem of the correct composition of the board, which is consequential to but was apparently not taken into

account in decision J 32/95, would then not arise at all. Such a conclusion could be based on the following considerations:

- 3.4.1 In respect of the power conferred to the departments of first instance and the Boards of Appeal Rule 67 uses the same wording, namely "reimbursement of appeal fees shall be ordered" and renders such orders conditional upon fulfilment of certain requirements, but not on a relevant request of the parties. The examination of whether the conditions for reimbursement are met has to be carried out *ex officio* and by applying the same criteria, irrespective of whether there exists a(n express) request for reimbursement or not. Furthermore, the effect on the parties concerned of a finding, that the specific conditions of Rule 67 EPC are not met, is the same, whether a request for reimbursement is expressly refused or, in the absence of such a request, the issue is passed over in silence in the decision on the appeal, be it by the board of appeal, or by the department of first instance in the case of interlocutory revision. It is undisputable that under Rule 67 EPC the department of first instance is empowered to an implicit refusal "by silence", so why should it not have also the power to expressly refuse the reimbursement in response to a relevant request in an otherwise identical situation, namely where the conditions for issuing a reimbursement order are not met; after all, the legal power to grant something includes the power not to grant it and to say so in the appropriate or prescribed form. That would mean that in such a situation the (express) refusal of the reimbursement had to be stated by the department of first instance as part of its dealing with the appeal by way of interlocutory revision.

3.4.2 As a legal consequence, there would be neither a need nor room for any remaining responsibility of the Boards of Appeal in respect of an appeal which is no longer pending. Also in practice applicants would be prevented from seeking legal redress against a refusal of the reimbursement of the appeal fee by the first instance, because an appeal against such a decision requires again the payment of an appeal fee, in respect of which the conditions for reimbursement pursuant to Rule 67 EPC would, however, not be met in the large majority of the cases (see decision 32/95, reasons 2.2.5, first paragraph).

3.4.3 However, this consequence is not necessarily inequitable or contrary to the legislator's apparent intentions, who could, moreover, easily amend Rule 67 EPC, if its wording really revealed something of a lacuna: As conceded in the cited decision (reasons 2.2.5, fourth paragraph), with regard to procedural costs, the EPC does not seem to guarantee the right to have one further level of redress in addition to the department having taken the initial decision to the same extent as with respect to requests concerning substantive issues. More specifically, pursuant to Article 106(5) EPC in conjunction with Article 11 of the Rules relating to Fees, an appeal is only possible, if the amount in dispute is in excess of the appeal fee. This seems to be, in the interest of both the addressee of such a decision and the efficiency of the judicial system, a reasonable limitation in respect of decisions concerning exclusively costs or, as here, fees. It could be derived therefrom that there is either no gap in Rule 67 EPC, or the legislator would fill it by expressly excluding an appeal against any form of failure by the department of first instance to refund the appeal fee following interlocutory revision under Article 109(1) EPC).

4. In conclusion from all these considerations, the board is of the opinion that in order to ensure uniform application of the law as regards the composition of the boards of appeal when a request for reimbursement of the appeal fee is referred to them after interlocutory revision, a referral to and a decision of the Enlarged Board is required (Article 112(2) EPC). It is pointed out in this context, that this issue is not confined to the Legal Board of Appeal, but also the technical boards (see point IV, above) are confronted with it. Whilst it may not be critical in what composition a board of appeal decides on the refund of the appeal fee pursuant to Rule 67 EPC, clear and unambiguous rules as to the composition of a judicial body are fundamental requirements, under the aspect of both due process and the efficient functioning of any judicial review system. The correct composition of the boards of appeal as such constitutes an important point of law within the meaning of Article 112(1) EPC, as it has been also confirmed with respect to the delimitation of the responsibilities of the technical boards and the Legal Board by the Enlarged Board of Appeal in its decision G 2/90. The same is true for the delimitation of the powers of the departments of first and second instance.

Order

For these reasons it is decided that:

The following questions are referred to the Enlarged Board of Appeal:

1. In the event of interlocutory revision, does the department of first instance whose decision has been appealed, have the power to refuse a request for reimbursement of the appeal fee, and if so, is such refusal a final or an appealable decision?

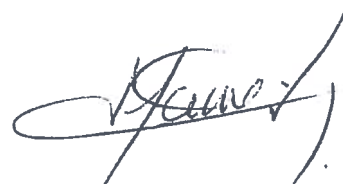
2. If a department of first instance, not having that power, refers the request for reimbursement of the appeal fee to the Boards of Appeal for decision, how should the competent board be constituted?

The Registrar:



S. Fabiani

The Chairman:



J.-C. Saisset