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D E C I S I O N
of 5 August 2005

Case Number: J 0003/05 - 3.1.1

Application Number: 00930469.2

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Language of the proceedings: EN

Title of invention:
Biocidal composition

Applicant:
ISP Investments Inc.

Opponent:

-

Headword:

-

Relevant legal provisions:

EPC Art. 122(1)

EPC R. 96(2)

Keyword:

"Good faith (no), re-establishment of rights"

Decisions cited:

G 0002/97, J 0013/90, J 0003/87

Catchword:

N/A



Case Number: J 0003/05 - 3.1.1

D E C I S I O N
of the Legal Board of Appeal 3.1.1
of 5 August 2005

Appellant: ISP Investments Inc.
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Representative: Gervasi, Gemma, Dr.
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Decision under appeal: Decision of the Examining Division of the
European Patent Office posted 14 December 2004
refusing the request for a decision under
R. 69(2) EPC and reestablishment of rights
under Article 122(1) EPC.

Composition of the Board:

Chairman: J.-C. Saisset
Members: K. Garnett
A. Pinatelli

Summary of Facts and Submissions

- I. On 4 May 2000 PCT international patent application PCT/US0012534, relating to a biocidal composition containing an algaecide, was filed in the name of Creanova Inc. of New Jersey, USA "(Creanova)". The application was subsequently allocated European patent application No. 00 930 469.2.
- II. On 24 October 2001, Dr Gemma Gervasi of the firm Notarbartolo & Gervasi of Milan, Italy, ("NG") was appointed as representative to handle the European phase of the application, and an application to enter into the Regional phase was duly received by the EPO from this firm on 4 December 2001.
- III. The payment of renewal fees for NG's clients was routinely handled for NG by N&G Patent Services SA ("NG Services"). On 22 May 2002, acting on instructions from the US firm of attorneys acting for Creanova (Abelman, Frayne & Schwab, hereafter "AF&S"), NG Services duly paid the third-year renewal fee of €380 in respect the above application, the fee becoming due on 31 May 2002.
- IV. In respect of the fourth-year renewal fee, due on 31 May 2003, NG Services duly sent a reminder to AF&S on 3 March 2003. However, no instructions to pay the renewal fee were received.
- V. Meanwhile, in December 2001, and unknown to NG, Creanova had assigned this and other applications to ISP Investments Inc. of Delaware, USA ("ISP"). ISP employed the services of Olcott International & Co. of New Jersey, USA ("Olcott"), for the payment of renewal

fees, and, as a matter of routine practice, Olcott automatically paid all renewal fees for applications on its records, unless it had instructions to the contrary.

VI. Also unknown to NG, on 22 April 2003 Olcott tendered a renewal fee of €380 in respect of this application. The covering letter dated 4 April 2003 from Olcott refers to "Annuity 3" and the due date as being 4 May 2003 (by reference to a "start date" of 4 May 2000). This was regarded by the EPO as being a second (duplicate) payment of the third-year fee and was processed for a refund, with the internal note "Already paid before".

VII. Notwithstanding the way the payment was being processed internally, a receipt dated 22 April 2003, pre-prepared by Olcott, was returned by the EPO to Olcott. It reads:

Pat. Nr. 00930469.2	3 Jahres	380 Euro
für Creanova Inc.	Fällig am 04/05/03	

VIII. On 23 May 2003 a letter from the Authorising Officer at the EPO was sent to NG notifying the firm that a refund of €380 was being credited to their deposit account. The communication listed the renewal fee which had been paid in May 2002 and the further fee which had been paid on 22 April 2003, in each case simply by reference to a voucher number, and stated that the reason for the refund was: "fee paid twice".

IX. This communication was received by NG on 26 May 2003, and on 28 May 2003 an online search was made by NG against the European Patent Register, which showed that the database as of 26 May 2003 recorded only the

payment of the third-year fee which had been made on 22 May 2002. It made no reference to any fee paid on 22 April 2003. A copy of the communication was passed on to NG Services on 30 May 2003 and a handwritten note was made on the communication which says "*Non so chi ha pagato la 3a nel 2003. Per noi nel 2003 scade la 4a ma il cliente non ha ancora deciso*", which can be translated as: "I don't know who paid the 3rd in 2003. For us in 2003 the 4th is due but the client has not yet decided."

- X. On 12 June 2003, NG Services wrote to AF&S stating that no reply had been received to the renewal fee reminder of 3 March 2003 (see paragraph IV, above), so that the fee had not been paid by the due date, although it was still possible to maintain the patent, provided payment for the fee and the late payment charge were received in good time.
- XI. On 2 July 2003, NG Services received a faxed reply from AF&S, saying that the renewal fee had been paid "by an annuity service."
- XII. On 4 July 2003 the Examining Division sent the usual form of reminder to NG, notifying that firm that the fourth-year renewal fee of €405,00 had fallen due on 31 May 2003 and had not been paid, and drawing attention to Article 86(2) EPC and Article 2, No. 5 of the Rules relating to fees. This reminder was passed on to NG Services by NG, and a handwritten note "*A 'terzi' il 2/7/03*" was made on the copy on 9 July 2003, signifying that NG Services had been advised on 2 July 2003 that a third party had already carried out the payment.

- XIII. NG accordingly encoded on their computer monitoring system a note which says "*Annualita' pagate da terzi, vedi fax Abelman, Frayne & Schwab (09.07.03 pes)*" which can be translated as "Annual fee paid by third parties, see fax [etc]".
- XIV. On 12 January 2004, the Examining Division sent NG a notice of loss of rights under Rule 69(1) EPC on the grounds of failure to pay the fourth-year renewal fee in due time.
- XV. On 20 February 2004 NG paid the fourth-year renewal fee, the additional fee and the fee for re-establishment of rights, and applied:
- (a) for a decision under Rule 69(2) EPC that the renewal fee for the 4th year had in fact been validly paid on 22 April 2003; and
 - (b) By way of Auxiliary Request, for reinstatement of rights under Article 122(1).
- XVI. On 14 December 2004 the Examining Division issued its decision refusing a decision under Rule 69(2) EPC. It commented that the repayment had been accepted by NG without further inquiry. The Examining Division did not say anything in its decision about the application under Article 122(1) EPC, or a request for correction under Rule 88(1) EPC which the applicant had made (see paragraph XVIII(b)(ii), below).

XVII. By notice of Appeal dated 4 February 2005, the applicant requested:

- (a) As a Main Request, cancellation of the decision of the Examination Division, and a decision that the fourth-year renewal was validly paid on 22 April 2003;
- (b) As an ancillary request, reinstatement of rights under Article 122 EPC;
- (c) Oral proceedings before any negative decision.

XVIII. By Grounds of Appeal also dated 4 February 2005, the applicant submitted *inter alia* as follows:

Rule 69(2) EPC

- (a) The decision of the Examining Division contains no, or no adequate, reasoning for the refusal of a decision under Rule 69(2) EPC.
- (b) While it is accepted that the payment made on 22 April 2003 was identified by Olcott as that for the third year, it is argued that:
 - (i) It *should* have been identified by Olcott as that for the fourth year;
 - (ii) It could have been accepted as an "unintentional slight underpayment" for the 4th year, given that the underpayment (€380 versus €405) had only been of some 6.6%, referring to decision J 11/85. It is

said that the payment was "transparent enough to potentially reveal its real underlying intent." It is also said that the erroneous identification is correctable under Rule 88 EPC.

It is also said that NG did not, as the Examining Division states, accept the repayment without further inquiry, citing the inquiries referred to in paragraph IX above.

Article 122(1) EPC

- (a) Since the Examining Division did not deal with this request at all, the applicant says that it is not clear whether the Division intends to issue such a decision in the future, but that out of caution the applicant has issued an appeal in any event.

- (b) It is argued that the loss or rights took place as the consequence of an unforeseeable combination of events which were beyond the applicant's and its representatives' control. As to this:
 - (i) So far as NG is concerned, it is said that the message from AF&S received on 2nd July, which seemingly suggested that the fourth-year renewal payment had already been paid, was taken as a qualified instruction to drop the case. It is said that the reminder notice from the EPO came shortly afterwards and was taken as overruled by the prior payment which NG says it presumed had taken

place immediately before. NG and NG Services thus acted carefully and in good faith.

(ii) It is said that AF&S acted carefully and in good faith when on 2 July 2003 they informed NG Services that payment had already been made, but that it can now be seen that they were referring to Olcott's payment of 22 April 2003.

(iii) It is said that Olcott acted in good faith when it received back the receipt and hence understood that the annuity payment had been made.

It is said that the overall result arose because of an extremely unlikely combination of slight mutual misunderstandings amongst the applicants' representatives, the position being complicated further by the transfer of ownership which had taken place (referring to decision T 469/93).

Reasons for the Decision

1. The appeal is admissible.

2. The Board does not accept that the payment made by Olcott on 22 April 2003, taken with the covering letter of the same date, can objectively be taken to be payment of the fourth-year renewal fee, given its reference to "Annuity 3" and the amount of €380 tendered (cf. €405 due for the 4th year). At best from the applicant's point of view, the letter was ambiguous,

because of its reference to the due date of 4 May 2003 and the fact that it was obviously long out of time as a payment for the third year. The Board does not therefore consider that the decision of the Examining Division on the Rule 96(2) EPC request was in this respect wrong.

3. The Board also considers that the applicant's other grounds of appeal are all subject to difficulties of various kinds but the Board does not find it necessary to go into them further because it considers that there is another, and more sure, ground on which this appeal can be allowed.
4. This ground is to be found in the principle of good faith which governs relations between the Office and the applicant. The principle was summarised by the Enlarged Board of Appeal in decision G 2/97, where the Board said:

"4.1 The protection of the legitimate expectations of users of the European patent system requires that such a user must not suffer a disadvantage as a result of having relied on erroneous information received from the EPO (J 2/87, OJ EPO 1988, 330, Motorola) or on a misleading communication (J 3/87, OJ EPO 1989, 3, Memtec). The protection of legitimate expectations also requires the EPO to warn the applicant of any loss of rights if such a warning can be expected in all good faith. This presupposes that the deficiency can be readily identified by the EPO within the framework of the normal handling of the case at the relevant stage of the proceedings and that the user is in a position to correct it within the time limit (J 12/94, cited in

Case Law Report 1996, OJ EPO SE 1997, 61). For example, if a letter is received by the EPO specifically stating that a cheque in payment of an appeal fee is enclosed, but the cheque is missing, the EPO should notify the appellant (cf. T 128/87 supra). *Similarly, where the true nature of a request to the EPO is uncertain, the EPO should clarify the situation* (J 15/92, cited in Case Law of the Boards of Appeal of the European Patent Office (CLBA), 1996, 2nd. ed., 190). A user may also rely on information provided as a courtesy service by the EPO in reply to a specific query (J 27/92, OJ EPO 1995, 288, Maxtor); however, the erroneous information from the EPO must be the direct cause of the action taken by the applicant or other user and must objectively justify their conduct (T 460/95, cited in Case Law Report 1996, op. cit., 62)." (Emphasis added).

As applied to this case in particular, the EPO must not *omit* any acts which the party to the proceedings can legitimately expect to be performed and which may well help to avoid a loss of rights (see decision J 13/90). In this case, the Board considers that Olcott's letter of 22 April 2003 contained an error which should have led the EPO to request clarification of the situation. The error was compounded when the EPO issued a receipt which apparently confirmed the nature of the payment which had been made. This was therefore a case in which at least a request for clarification was called for. The mere return of the fee, characterised as a duplicate payment, to a different agent, was not enough.

10. Turning in more detail to the facts of the case, an applicant needs to be show, in order to bring a case

within the above principles, that (see decisions G 2/97 and J 3/87):

- (a) There was an error or deficiency in the applicant's communication with the EPO;
- (b) The deficiency or error was readily identifiable;
- (c) The deficiency or error could easily have been corrected within the time limit;
- (d) The act or omission of the EPO was the direct cause of the applicant failing to comply with the time limit; and
- (e) On an objective basis, it was reasonable for the applicant to have failed to comply with the time limit, given the EPO's act or omission.

11. As to these requirements:

- (a) The Board accepts as self-evident that there was an error in Olcott's letter of 22 April 2003 and accompanying payment of €380. The Board accepts that Olcott intended to pay the renewal fee which was due in May 2003 but made an error in identifying the relevant period as "Annuity 3" and thus the appropriate fee as being €380.
- (b) Although the EPO appears to have taken the view that Olcott was attempting to pay the renewal fee due in 2002 a second time, the Board considers that it should have been apparent that it was more likely that the intention was to pay the fee due

in 2003, and that a mistake of some kind had been made, since:

- 1) If Olcott was attempting to pay the third renewal fee, due on 31 May 2002, this was long out of time;
- 2) The reference to the due date in the covering letter as being May 2003 was inconsistent with an attempt to pay the fee which had been due in May 2002 and was more likely to have been an attempt to pay the fee due in May 2003.

It follows that the EPO should have appreciated that some mistake had probably been made, and that Olcott was probably attempting to pay the renewal fee due in 2003, but in error had thought the fee was due in respect of the third year and not the fourth. In any event, the EPO should have queried the payment with Olcott rather than treating it as a duplicate payment for the third year without further question. The principle of good faith does not of course impose an obligation on the EPO to warn a party of deficiencies within the area of the party's own responsibility. The present case, however, unlike the case in decision G 2/97, was not one where it can be said that there was nothing in Olcott's letter of 22 April 2003 from which it could be inferred that the applicant would, without such a warning, inadvertently miss the time limit for payment of the renewal fee. The letter clearly contained an internal inconsistency that revealed that Olcott was acting under a mistake, being a mistake of a kind which might lead to the time limit for payment of

the fee being missed because, when coupled with the receipt issued by the EPO, Olcott would be likely to think that the fee had been duly paid. Admittedly, the EPO's actions, either in remitting the fee to NG on 23 May 2003 or in issuing the warning letter on 4 July 2003 might, in other circumstances, have served to correct the error which had been made but, in the highly unusual facts of this case, neither of them did so.

(c) If the EPO had queried the payment with Olcott reasonably soon after receipt of the letter of 22 April 2003, the Board accepts it as self-evident that the error would have been corrected within the time limit.

(c) The Board is willing to accept that from Olcott's perspective the renewal fee due in 2003 would appear to have been accepted by the EPO, and the receipt which was then issued by the EPO would have appeared to Olcott to have confirmed this. The Board is also prepared to infer that this belief was communicated to AF&S, who, as a result, in turn told NG on 2 July 2003 that the renewal fee had already been paid. The omission of the EPO to question Olcott's payment can therefore be said to have been the cause of the non-payment of the renewal fee. In a confused situation it led to Olcott, AF&S and NG all believing that it had been paid, and thus not paying the fee despite the EPO's return of the fee in May 2003 and its reminder of 4 July 2003.

(d) The Board infers that NG did not tell AF&S about the repayment of the renewal fee in May 2003. The Board has also noted that the EPO's reminder of 4 July 2003 does not appear to have been communicated by NG to AF&S either. These are both matters which in other circumstances would call for greater explanation, and if NG had communicated either of these matters to AF&S it seems likely that it would have been realised by the applicant's advisors that something had gone wrong. The Board has not, however, considered it necessary to inquire further into these matters and therefore draws no adverse inferences. Given the premise, which the Board accepts, that it was reasonable for Olcott to have assumed that the renewal fee due in 2003 had been paid, and that AF&S passed this information on to NG in response to NG's warning letter of 12 June 2003, the Board accepts, in the very unusual facts of this case, that it was reasonable for NG to take no action in response to the EPO's warning letter of 4 July, coming so soon after receipt of the information from AF&S on 2 July that a third party annuity service had paid the fee.

12. Where, contrary to its obligation to act in accordance with the principle of good faith, the EPO fails to draw the applicant's attention to a deficiency, it cannot claim that a loss of rights has ensued if the deficiency is later corrected. Instead it must set a period in which the applicant can correct the deficiency without loss of rights (T 14/89, OJ EPO 1990, 432). Here, it is not necessary to set an additional period because

the applicant has already paid the fourth-year renewal fee plus the additional fee.

Order

For the above reasons it is decided that:

1. The decision under appeal is set aside.
2. The applicant is granted re-establishment of rights in respect of the non-observed period for payment of the fourth- year renewal fee plus the additional fee.

The Registrar:

The Chairman:

S. Fabiani

J.-C. Saisset