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**Datasheet for the decision
of 27 July 2006**

Case Number: J 0016/05 - 3.1.01

Application Number: 97928416.3

Publication Number: 1004196

IPC: H04M 15/00

Language of the proceedings: EN

Title of invention:
Parking management system

Applicant:
Mobydom Ltd.

Opponent:
-

Headword:
Interruption of proceedings/MOBYDOM

Relevant legal provisions:
EPC Art. 60(3), 72, 107
EPC R. 20, 90(1)(b), 90(2), 92(1)(f)

Keyword:
"Transfer of European patent application"
"Assignment - registration in Register of European patents -
competence of Boards of Appeal" -
"Interruption of proceedings - receivership"

Decisions cited:
J 0026/95, J 0010/93, J 0002/01

Catchword:
-



Case Number: J 0016/05 - 3.1.01

D E C I S I O N
of the Legal Board of Appeal 3.1.01
of 27 July 2006

Appellant: Mobydom Ltd.
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IL-43206 Raanana (IL)

Representative: VOSSIUS & Partner
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Decision under appeal: Decision of the Legal Division of the European Patent Office posted on 27 September 2004 stating that the proceedings of Euro-PCT application No. 97928416.3 are not interrupted under Rule 90 EPC.

Composition of the Board:

Chairman: B. Günzel
Members: A. Pignatelli
P. Schmitz

Summary of Facts and Submissions

I. An appeal was lodged on 26 November 2004 against the decision of the Legal Division dispatched on 27 September 2004 establishing that the proceedings on the Euro-PCT application No. 97 928 416.3 are not interrupted under Rule 90(1) EPC. The appeal fee was paid on 26 November 2004. The statement setting out the grounds of appeal was received on 27 January 2005.

II. The decision of the Legal Division is based on the following facts.

On 7 July 1997, Euro-PCT application No. 97 928 416.3 was filed by Mr Zeitman Shlomo.

On 2 December 1999, the application was transferred to V.P.S. Virtual Parking Solutions Ltd. (thereafter "V.P.S."). The transfer was registered by the EPO with an effective date of 10 January 2000.

On 14 August 2000, V.P.S. changed its name into: "Cellonet - Interactive Mobile Commerce Ltd." (thereafter "Cellonet"). The registration of this change of name was not requested.

On 31 January 2001, a provisional receiver was appointed for Cellonet and on 26 February 2001 a permanent receiver was appointed for Cellonet.

The time limit for the payment of the renewal fee for the fifth year together with the additional fee expired on 31 January 2002 without the fee having been paid.

A communication pursuant to Rule 69(1) EPC informing the applicant that the application was deemed to be withdrawn because the renewal fee for the fifth year and the additional fee had not been paid, was sent on 7 March 2002. In a communication of 26 June 2002 the EPO notified the applicant that the examination fee would be refunded since closure of the application took legal effect from 1 February 2002.

An assignment dated 8 May 2003 and signed by the receiver of Cellonet with which the application was assigned to Mobydom Ltd. has been submitted.

On 5 August 2003, Mobydom Ltd. requested that the EPO regard the proceedings as interrupted pursuant to Rule 90 EPC because the former applicant (i.e. Cellonet) was put under receivership so that the applicant was unable to act and the receiver was not competent to deal with the application and that the proceedings be resumed from a date to be established by the EPO. No formal request for transfer of the application to Mobydom Ltd. was filed.

III. In its decision, the Legal Division held that the registered applicant (V.P.S.) was not the same legal person as the one placed under receivership (Cellonet) and that therefore the proceedings were not interrupted. Furthermore, the Legal Division held that for reasons of legal certainty it was not possible to regard the proceedings as interrupted after two years from the loss of rights.

IV. With letter dated 8 March 2006, in response to a communication of the Board, Mobydom Ltd. requested that it be registered as the new applicant. The fee for registration was paid on the same day. No decision on the registration was taken until 27 July 2006, the date of the oral proceedings before the Board of Appeal.

V. The appellant requests that the decision under appeal be set aside, the proceedings be regarded as interrupted and the proceedings be resumed from a date to be fixed by the EPO under Rule 90(2) EPC.

A request for reimbursement of the appeal fee was filed originally but was withdrawn during the oral proceedings.

VI. The appellant argued essentially as follows:

(a) A change of name does not alter the legal identity of the applicant. Even if the change of name is not registered by the EPO, the applicant and the insolvent person are legally identical.

(b) As far as the legal certainty is concerned, the appellant considers that no time limit is specified under Rule 90 EPC for its application and that the interruption operates ex lege automatically and does not depend on any action which should be done within a certain period of time.

Parties acting in good faith should be protected by Rule 90(1) EPC regardless of the period of time that has elapsed after the relevant event occurred. Rule 90 EPC has been created in order to protect parties who

are in a situation in which they cannot act. It would go against the ratio of the provision if a time limit was foreseen. This approach is similar to Article 122 EPC which also allows re-establishment of rights lost in the past. A period of two years is to be considered as a reasonable period of time for proceedings to be interrupted in the case of bankruptcy of the applicant.

Since Cellonet's Israeli patent attorney did not cooperate during the receivership it was to be assumed that he had not informed the former European representative about the receivership and he could therefore not inform the EPO. Mobydom Ltd. itself acted with due care because they informed the EPO shortly after the assignment of the application.

Furthermore, third parties can be protected by checking entries in the European patent register, in the files etc. Everybody acting in IP matters is aware of the fact that situations exist where third parties are not perfectly sure whether an application is valid or not and they have to take account of this.

(c) According to the appellant, the appointment of a receiver per se leads to an interruption of the proceedings because the receiver under the law of Israel cannot act as equivalent to a natural successor of a company. In fact, the appointment of the receiver caused a fundamental change in operative ability of the company, which effectively lost its power and authority in the management of the company and its authority to enter into a contract on behalf of the company or to sell, to mortgage or in any way deprive the company of

any of its assets and instead the power passed over to the receiver.

The appellant filed a copy of a judgment of the District Court of Tel Aviv-Jaffa dated 6 December 1984, Case No. 10171/84 Israel Discount Bank Ltd./Gil Electronics Ltd. to support its submissions that with the appointment of a receiver the company's power and authority to deal with the outside world passes to the receiver.

The appellant submitted that the expressions "provisional receiver" and "permanent receiver" do not indicate legal situations of a different nature but are just used in the present case by the Court ordering receivership to indicate that at first the receivership could have been terminated if the company had found financial means to continue their activity. According to the appellant, under the law of Israel and its interpretation by the jurisprudence only one type of receivership exists.

Reasons for the Decision

1. The appeal is admissible.

1.1 Identification of the appellant

In the notice of appeal it has been indicated that the appeal is filed on behalf of V.P.S. and Mobydom Ltd.

However, on the basis of the submissions made by the representative, the Board is satisfied that V.P.S. had

ceased to exist as a legal entity at the time the present appeal was filed, since V.P.S. whose name had been changed in Cellonet was placed under receivership on 31. January 2001 and the receivership terminated with the winding up of the company by the end of 2003. Since a non-existent entity cannot be a party to proceedings Mobydom Ltd. is the sole appellant in the present appeal proceedings.

1.2 Formal entitlement to appeal

Mobydom Ltd. was party to the proceedings before the first instance department.

The decision of the first instance department concerns a request filed by the representative of Mobydom Ltd. in the name of Mobydom Ltd. and the decision was notified to the representative of Mobydom Ltd. and not to the representative of V.P.S..

Thus, although in the letter constituting the decision, Mobydom Ltd. was not formally addressed, because it was referred to V.P.S. being the applicant, Mobydom Ltd. was party to the proceedings before the Legal Division and the decision of the first instance department had effect for Mobydom Ltd..

1.3 Substantial entitlement to appeal

Mobydom Ltd. is adversely affected by the decision of the first instance department since this decision refused its request.

Mobydom Ltd. is therefore entitled to appeal according to Article 107 EPC.

2. The appeal is allowable

Mobydom Ltd. requested before the Legal Division that the proceedings on the Euro-PCT application No. 97 928 416.3 be regarded as interrupted and that the proceedings be resumed under Rule 90(2) EPC.

Mobydom Ltd. is entitled to request interruption because it is entitled to exercise the right to the European patent under Article 60(3) EPC, in conjunction with Rule 20(3) EPC.

- 2.1 Unless expressly provided otherwise, only the registered applicant and not a third person is entitled to act in proceedings concerning the patent application. Under Article 60(3) EPC, the applicant shall be deemed to be entitled to exercise the right to the European patent. Applicant is the person entered as the applicant in the Register of European patents (Rule 92(1)(f) EPC, J 26/95, OJ EPO 1999, 668, Point 2. of the Reasons, J 2/01, OJ EPO 2005, 88, point 2.6 of the Reasons). Thus, only the registered applicant and not a third person has a right to have the legal status of the application established by the responsible department. Conversely, the responsible department may decide on any such issue only in relation to the registered applicant and not in relation to a third party.

During the proceedings before the Legal Division, V.P.S. was entered as the applicant for the application

in suit and no request for transfer had been filed yet. Therefore, the Legal Division should have rejected the appellant's request instead of stating that the proceedings had not been interrupted. However, by the time the decision of the Board has been taken the legal situation has changed.

With an assignment dated 8 May 2003, the application was transferred by the receiver of Cellonet, former V.P.S., to Mobydom Ltd. which requested the registration of the transfer, paid the registration fee and filed a copy of the assignment by a letter dated 8 March 2006. Despite this, at the date of oral proceedings before the Board the transfer had still not been entered in the Register of European Patents.

In the present case, the Board can take into account the effect of the transfer under Rule 20(3) EPC, although the decision on the registration of a transfer and the evaluation of the documents produced within this context is the task of the responsible department of first instance.

According to Rule 20(1) EPC, a transfer shall be recorded in the Register of European Patents at the request of an interested party and on production of documents satisfying the European Patent Office that a transfer has taken place. The request shall not be deemed to have been filed until such time as an administrative fee has been paid (Rule 20(2) EPC). Under Rule 20(3) EPC, a transfer shall have effect vis-à-vis the European Patent Office when the documents satisfying the European Patent Office that the transfer has taken place have been produced.

In decision J 26/95, OJ EPO 1999, 668 (point 2 of the Reasons), it was stated that in clear-cut cases and when the request for registration has been filed and the fee paid, substitution of another party for the original applicant is possible, in accordance with Rule 20(3) EPC.

According to this decision, clear-cut cases are cases in which no doubt arises as regards the interpretation of the law on which the transfer is based or of the documents produced.

In the present case,

(i) the assignment explicitly mentions the application under consideration;

(ii) both parties are clearly indicated;

(iii) the assignor was correctly represented by the receiver;

(iv) the content of the agreement is clear;

(v) the assignee who had not signed the assignment has indicated that he accepts the assignment because he has requested to be entered in the Register of European Patents as the new applicant.

In fact, although the signatures of both parties are not present on the copy of the assignment submitted by the appellant's representative and the assignment only bears the signature of the assignor (i.e. its

receiver), this circumstance is not an obstacle to the sufficiency under Rule 20(3) EPC of the documents produced.

It is primarily for the applicable national (civil) laws to determine the conditions for the validity of assignments of rights. This includes the question as to whether an assignment of a right is or can be valid by unilateral cession or whether it requires a contract i.e. an agreement by both parties as well as any specific form. It is with a view to taking better account of the fact that different national traditions do exist in this respect and with a view to simplifying the procedure for registering a transfer, specifically as regards transfers by way of assignment, that Rule 20 EPC was amended with effect from 1 June 1995 and the reference to Article 72 EPC, which requires the signatures of both parties, has been deleted. Rule 20 EPC now requires as a condition for registering the transfer that the EPO is satisfied that the transfer has taken place (see J 26/95, loc.cit.).

On the basis of the facts cited above, the Board is satisfied that the transfer has taken place because there is no indication that there would be anything wrong with the assignment made by the official receiver under the laws of Israel and the assignee has asked for, that is, agreed to the registration of the application in its own name.

The Board therefore considers that the present case is a clear-cut case and that it can apply Rule 20(3) EPC in this appeal procedure.

Also, the fact that the application was declared deemed to be withdrawn does not prevent the Board from considering the effect of the transfer. As long as procedural rights remain outstanding, which the applicant is entitled to make use of, a successor to the applicant is entitled to have a transfer registered (see J 10/93, OJ EPO 1997, 91, point 3. of the Reasons).

In the present case, even though re-establishment is no longer possible, it is the applicant's procedural right to have a final decision on the issue of interruption of the proceedings.

Mobydom Ltd. is therefore entitled to exercise the rights to the European patent application in suit and to act in the present application procedure and to a decision by the Board whether or not the proceedings are interrupted.

2.2 The proceedings before the European Patent Office are interrupted from 31 January 2001.

Under Rule 90(1)(b) EPC, the proceedings before the European Patent Office shall be interrupted in the event of the applicant for a European patent, as a result of some action taken against his property, being prevented by legal reasons from continuing the proceedings.

(a) The registered applicant at the time of the placement under receivership of Cellonet was V.P.S.. However, Cellonet is the same legal person as V.P.S. since it has been proved by the appellant that only a change of name had taken place in the meantime and a

change of name does not alter the identity of the legal person.

Cellonet was therefore the applicant of application No. 97 928 416.3.

(b) Cellonet was placed under receivership according to the law of Israel on 31 January 2001 and it was submitted that from this moment on it had no power and authority to manage its business.

In this context, the appellant has submitted a number of documents. The legally decisive point is elucidated by the following document cited by the appellant:

In the decision of the District Court of Tel Aviv-Jaffa dated 6 December 1984, Case No. 10171/84 Israel Discount Bank Ltd./Gil Electronics Ltd. which was submitted as evidence of the legal effects of a receivership, the Court stated the following on page 12, Para. 8, lines 3-7, according to the translation submitted by the appellant:

"On the appointment of a receiver (for the assets and business) of a company, the power and authority to continue managing the business is removed from the management, and the company's power and authority to deal with the outside world, especially the management of its business, passes to the receiver."

On this basis, the Board is satisfied that from the moment the receiver was appointed for the first time according to the law of Israel, the applicant (Cellonet) had no more power and authority to deal with

the outside world on behalf of its business and was thus prevented by legal reasons from continuing the proceedings before the EPO (see J 26/95, loc. cit., points 4.3 and 4.4 of the Reasons).

The fact that the receiver was first appointed provisionally for a couple of months does not appear to alter the legal relationship between the receiver and the company since the legal effect of the receivership appears to be the same even if the receivership is ordered as a provisional measure.

Cellonet was therefore prevented by legal reasons from continuing the proceedings from 31 January 2001.

(c) The interruption of the proceedings operates automatically even if the European Patent Office is not informed of the situation of the party.

With respect to Rule 90(1)b) EPC, Rule 90 EPC does not provide for any time limit within which the circumstances establishing interruption of proceedings would have to be brought to the attention of the European Patent Office.

The ratio legis of Rule 90(1)b) EPC is to protect parties who are not able to act in the proceedings for the defined legal reasons against a loss of rights which would otherwise occur, until such time as the EPO can resume the proceedings under Rule 90(2) EPC.

The Board cannot agree with the opinion expressed by the Legal Division in its decision that Rule 90 EPC

could not be applied to facts dating two years back in the past for reasons of legal certainty.

The fact that Rule 90 EPC does not provide for a time limit for the cases referred to in paragraph 1(a) and (b), but only for the case referred to in paragraph 1(c) (see Rule 90(3) EPC) shows that in those two cases a precisely defined limitation of the time period within which interruption of proceedings would still have to be considered was not intended.

On the other hand it cannot be denied that, in the interest of legal certainty, Rule 90(1)(b) EPC cannot be applied without any time restriction at all.

As set out above, Rule 90(1)(b) EPC wants to protect parties which, for specific reasons, are not in a position to act. Nevertheless, the parties have certain obligations and have to cooperate in the proceedings, as far as this is possible for them. They have to act in good faith and in due time and cannot have interruption of the proceedings established years after when they were aware of the facts justifying an earlier interruption.

The former European representative had obviously not been informed by his associate Israeli colleague about the receivership and could therefore not inform the EPO. Mobydom Ltd. itself acted with due care because they informed the EPO shortly after the assignment of the application.

The proceedings are therefore interrupted from 31 January 2001 and the European Patent Office has to

resume the proceedings with Mobydom Ltd. following the procedure indicated in Rule 90(2) EPC.

Order

For the above reasons, it is decided that:

1. The decision under appeal is set aside.
2. The proceedings in application No. 97 928 416.3 are interrupted as of 31 January 2001.
3. The case is remitted to the Legal Division with the order to resume the proceedings from a date to be fixed.

The Registrar:

The Chairman:

S. Fabiani

B. Günzel