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**Datasheet for the decision
of 25 July 2007**

Case Number: J 0002/07 - 3.1.01

Application Number: 98920309.6

Publication Number: 0980592

IPC: H01M 8/18

Language of the proceedings: EN

Title of invention:

Recycling of carbon dioxide into methyl alcohol and related oxygenates or hydrocarbons

Applicant:

OLAH, George A., et al

Opponent:

-

Headword:

Re-establishment

Relevant legal provisions:

EPC Art. 86(2), 122

Keyword:

"Re-establishment of rights for paying the renewal fee (no)"

Decisions cited:

J 0005/80, J 0002/86, J 0003/86, J 0009/86, J 0027/90,
J 0023/92, J 0016/93, J 0005/94, J 0018/98, J 0019/04,
J 0011/06, T 0287/84, T 0112/89, T 0667/92, T 0381/93,
T 1561/05, T 0439/06

Catchword:

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Case Number: J 0002/07 - 3.1.01

D E C I S I O N
of the Legal Board of Appeal 3.1.01
of 25 July 2007

Appellant: OLAH, George, A. et al.
2252 Gloaming Way
Beverly Hills, CA 90210 (US)

Representative: Horner, Martin Grenville
Marks & Clerk Scotland
19 Royal Exchange Square
Glasgow G1 3AE
Scotland (GB)

Decision under appeal: Decision of the Examining Division of the
European Patent Office of 10 July 2006

Composition of the Board:

Chairman: B. Günzel
Members: I. Beckedorf
T. Bokor

Summary of Facts and Submissions

- I. The appellants contest the decision of the Examining Division dated 10 July 2006 refusing their request for re-establishment of rights concerning the Euro-PCT application EP 98920309.6.
- II. That application was filed by the appellants as PTC/US 98/09262 with the US Patent and Trademark Office on 6 May 1998. The appellants were represented by an US attorney who was until 31 December 2003 associated with the US law firm Pennie & Edmonds LLP (hereinafter: "P&E") and after that date with the US based law firm of Jones Day (hereinafter: "JD"). The US attorney handled three other Euro-PCT applications on behalf of the appellant 01 (Mr Olah) that were the subject of similar requests for re-establishment of rights (applications EP 98920310.4, EP 02731808.8 and EP 98921000.0) and, after having been rejected by the Examining Division, two of them are the subject of similar appeals (EP 98921000.0 = J 1/07, and EP 02731808.8 = J 3/07).
- III. The appellants' European representative of Cruikshank & Fairweather - later re-branded as Marks & Clerk (hereinafter: "M&C") - requested entry into the regional phase before the EPO on 3/9 November 1999. In the regional phase, the seventh renewal fee was due on 31 May 2004, but not paid. On 5 July 2004, the Examining Division issued a communication stating the facts concerning the due date for the renewal fee and drawing attention to Article 86(2) EPC, Article 2 No. 5 of the Rules relating to Fees. On 10 January 2005, the Examining Division issued a communication under

Rule 69(1) EPC noting that the application was deemed to be withdrawn under Article 86(3) EPC. Both communications were sent to the appellants' European representative.

- IV. By letter dated 1 March 2005, followed by two subsequent letters, the appellants requested re-establishment into the time limit for paying the renewal fee i.a. of the above-mentioned application. The seventh renewal, the additional fee and the fee for re-establishment were paid.

The appellants put forward in essence the following arguments:

Upon receiving a notice sent to him by JD on 2 February 2004 concerning the due date for the seventh renewal fee, appellant 01 mistakenly instructed JD not to pay this fee for he would pay it himself. This instruction was caused by a human error that had occurred for the first time due to pressure incurred as a result of surgery he was undergoing at that time. He was not aware that the fee would not be handled by the appellants' US attorney in the usual way. JD took no action because it believed that the appellants would pay the fees. M&C passed the EPO communication dated 5 July 2004 (and other communications concerning three other applications) to JD in several letters dated 26 and 30 August 2004. The letters were sent by fax with a confirmation copy sent in the post indicating that the application would become abandoned if the fee was not paid, but that the fee could still be paid within a six-month grace period along with a surcharge fee. Regarding the receipt of these letters at JD,

there is no record that these reminders from M&C had been received. Had such reminders been received it would have been standard practice to instruct the foreign associate to contact the client directly, or to send reminder letters directly to the client. In the event that the reminder letters had been received, it was an isolated procedural mistake that these were not acted upon.

V. In the impugned decision, the Examining Division refused the request for restitutio in integrum. It was held that although all due care had been exercised by both M&C and the appellant 01, whose mistake was to be considered as excusable, JD was still responsible for monitoring the payment of the fee it assumed was to be attended to by the appellant. The system for monitoring the payments of fees at JD was neither effective nor credible as, by closing their records if the client was to pay the fee, it was impossible for the attorneys to monitor the payment of fees. Apart from that, the issue concerning the receipt or lack of receipt of the reminders sent by M&C had not been sufficiently explained. On the contrary, in this respect the declarations given by the US attorney were contradictory. The inexplicable loss of two faxes and two confirmation letters could not be due to a mere accident.

VI. An appeal was filed and the appeal fee was paid on 7 September 2006, followed on 9 November 2006 by a written statement setting out the grounds of appeal. The appellants essentially reiterated their earlier submissions emphasizing that the law offices involved had established a properly functioning system for

handling annuity matters during their long lasting working relationship. The reminders sent by M&C could have been inadvertently forwarded to the wrong recipient given the fact that the P&E docketing and annuities group was transferring thousands of files to JD during the period of the file transition.

VII. On 3 April 2007, the appellants were summoned to oral proceedings. In the annexe to the summons, the Board expressed its preliminary opinion drawing the appellants' attention to the aspect that, regardless of their primary responsibility for the payment of the renewal fee, both their US attorney and their European representative might have borne a secondary responsibility to advise them properly upon the uncontested receipt of the Examining Division's communication dated 5 July 2004.

VIII. In a written reply to this communication and at the oral proceedings before the Board on 25 July 2007, which were conducted with the appellants' consent in consolidated form under Article 9(2) RPBA with appeal cases J 1/07 and J 3/07, the appellants stated that there had been a number of errors in the initial submissions and now submitted that the M&C office's normal procedure when receiving a notice according to Article 86(2) EPC was as follows:

- a. to diarise the final deadline for payment of the renewal fee with extension,
- b. to send a letter to the instructing party advising of the EPO communication and the final deadline (by fax and confirmed by mail),

- c. to generate a memo that is placed on the front of the file, and brought to the attorney's attention, and
- d. for the formalities department to check the status of the case, and if necessary, remind the attorney within one month prior to the final extended deadline.

Regarding the events at the M&C office, the appellants filed evidence that the facsimile reminder had been sent to JD and an internal reminder memo had been generated on 26 August 2004, although they conceded that there was no evidence that the reminder letter was sent also by confirmation mail to JD.

The appellants' further submissions can be summarized as follows:

The incoming EPO communication dated 5 July 2004 was registered in the mail log on 12 July 2004, and the reminder memo was brought to the attorney's attention, but the M&C staff failed to diarise the deadline both in the computerized diary and in the handwritten diary. Moreover, the staff did not remind the attorney. The M&C formalities clerk in charge at the relevant time had seven years of experience and had been trained and supervised by an experienced supervisory clerk. The supervision, however, failed to work. After similar events in various other cases had been discovered, the crosschecking system was changed and the formalities clerk responsible was transferred to a different office department. The attorneys at M&C might check the computerized diary kept by the formalities department

but neither needed to do so nor needed to keep a diary on their own.

Concerning the actions at the JD office, the appellants submitted that it would not be possible to conclude with any certainty why JD did not receive or act upon the fax transmission or confirmation. The lack of receipt or incorrect processing of the M&C letter amounted to an isolated incident in an otherwise smoothly operating system.

Viewing the errors that happened in this case and in other cases, in particular those that are the subject of the appeal proceedings J 1/07 and J 3/07, the appellants considered each error that had occurred in the various cases an isolated error.

IX. The appellants requested

that the decision under appeal be set aside and that the request for reinstatement into the time limit for payment of the renewal fees (Article 86(2) EPC) be allowed.

As an auxiliary request,

the "Auxiliary Request" filed during the oral proceedings was submitted.

In the "Auxiliary Request", the appellants requested the opportunity, prior to the Board's final decision, to demonstrate that M&C had in place at the relevant time a satisfactory and well-functioning system by being allowed to file further evidence concerning six

issues. Concerning the specific content of the "auxiliary request" reference is made to the annexe to the minutes of the oral proceedings.

Reasons for the Decision

1. The appeal complies with Articles 106 to 108 EPC and Rule 64 EPC and is admissible.
2. The appellants request re-establishment into the time limit for payment of the seventh renewal fee with surcharge under Article 86(2) EPC concerning the Euro-PCT application EP 98920309.6.
3. Admissibility of the application for re-establishment of rights
 - 3.1 According to Article 122(2) EPC, the application must be filed within two months from the removal of the cause of non-compliance with the time limit, i.e. normally, from the date on which the person responsible for the application becomes aware of the fact that a time limit has not been observed (cf. J 27/90 OJ EPO 1993, 422, 426), and within one year following the expiry of the unobserved time limit.
 - 3.2 In the present case where the appellants essentially submit that neither they nor their US attorney nor their European representative recognized the failure to pay the seventh renewal fee, this date is the date on which the authorised European representative M&C received the communication pursuant to Rule 69(1) EPC dated 10 January 2005.

The two-month period of Article 122(2) EPC ended any day after 10 March 2005, corresponding to the exact day of the uncontested delivery of the communication at M&C. The application for restitutio in integrum was received at the EPO by fax on 1 March 2005, i.e. well before the end of the two-month period under Article 122(2) EPC.

It was also filed within the period under Article 122(2), third and fourth sentence, EPC.

3.3 The necessary acts required under Article 122(2) and (3) EPC, i.e. payment of the seventh renewal fee with surcharge, payment of the fee for re-establishment and the submission of a statement of grounds for the application, were also performed on that date. The statement of further facts by the appellants in their subsequent letters are to be considered as mere amplification of their first statement of grounds completing their original submissions, which had been filed in due time (cf. J 5/94 of 28 September 1994, point 2.3 of the Reasons; J 18/98 of 16 January 2004, point 3 of the Reasons).

3.4 The appellants' request for restitutio in integrum is therefore admissible.

4. Allowability of the application for re-establishment of rights

4.1 Under Article 122(1) EPC, an applicant for a European patent, who in spite of all due care having been taken, was unable to observe a time limit vis-à-vis the

European Patent Office which has the direct consequence of causing a loss of a right, shall, upon application, have his rights re-established.

In considering whether "all due care required by the circumstances" has been taken, the word "all" is important and, for the purposes of Article 122(1) EPC, the circumstances of each case must be considered as a whole (cf. T 287/84 OJ EPO 1985, 333, 338). The requirement of "due care" must be judged in view of the situation existing before the time limit expired. This means that the measures taken by the party to meet the time limit must only be judged with regard to the circumstances as they were at that time (cf. T 667/92 of 10 March 1994, point 3 of the Reasons; T 381/93 of 12 August 1994, point 3 of the Reasons).

The request for restitutio in integrum of an applicant with a professional representative acting on his behalf is only allowable if both the applicant himself and his representative have met the necessary standard of care. Regarding the due care required by Article 122(1) EPC, the obligations of the applicant and those of his representative are clearly distinct and the due care to be exercised by the representative may depend on the relationship which exists between him and his client (cf. T 112/89 of 4 October 1990, point 3 of the Reasons; J 19/04 of 14 July 2005, point 9 of the Reasons).

- 4.2 Regarding the appellants' - main - responsibility to pay the seventh renewal fee for his Euro/PCT-application when it was due (31 May 2004), the appellants have shown that they were unable to observe

the time limit in spite of all the due care required by the circumstances having been taken.

In defining the relevant standard of care, it has to be taken into consideration that the appellants were neither familiar with the requirements of the EPC nor in possession of an established office organisation attuned to ensuring that procedural deadlines were met (cf. J 5/94 of 28 September 1994, point 3.1 of the Reasons).

To compensate for this deficit, the appellants relied upon their US attorneys. JD had notified appellant 01 properly about the fees due. However, according to the appellants' submission, on returning the notice to JD appellant 01, acting also on behalf of the second applicant and appellant, mistakenly instructed JD not to pay the fee, as he would do it himself, whereas he wanted - and believed he had acted accordingly - JD to take care of the payment.

Although the appellants have not produced any evidence with regard to the distraction and pain the appellant 01 suffered from medical treatment at the relevant time, it can be concluded to the Board's satisfaction, that the error on the appellants' side was an isolated error and that all due care had been exercised by the appellants.

4.3 However, it can even be left undecided whether the appellants acted with all due care. Since the appellants had JD and M&C acting for them, they have to accept their actions on their behalf, including the

actions of his attorneys' assistants and employees (cf. J 5/80 OJ EPO 1981, 343, 346).

If an applicant is represented by a professional representative, a request for restitutio in integrum cannot be acceded to unless the representative himself can show that he has taken the due care required of an applicant or proprietor by Article 122(1) EPC (cf. J 5/80 - above - Headnote I). If the representative has entrusted to an assistant the performance of routine tasks such as typing dictated documents, posting letters and parcels and noting time limits, the same strict standards of care are not expected of the assistant as are expected of the applicant or his representative (cf. J 5/80 - above - Headnote II). A culpable error on the part of the assistant made in the course of carrying out routine tasks is not to be imputed to the representative if the latter has shown that he exercised the necessary due care in dealing with his assistant. In this respect, it is incumbent upon the representative to choose for the work a suitable person, properly instructed in the tasks to be performed, and to exercise reasonable supervision over the work (cf. J 5/80 - above - Headnote III).

- 4.4 The appellants' European representative, whose authorization is silent concerning the payment of renewal fees and who has not received any funds for this purpose, was not expected to pay the fee by advancing money on behalf of the appellants out of his own pocket (cf. J 16/93 of 20 June 1995, point 4.3.3 of the Reasons; J 19/04 of 14 July 2005, point 10 of the Reasons). M&C - and JD likewise -, nonetheless, remained with a secondary responsibility to advise the

appellants properly if either the appellants addressed them or if they became aware of any problem that might affect the appellants' position in respect of the legal status of the patent application and, in particular, the payment of the renewal fee.

As appointed attorneys and professional representatives, JD and M&C had the duty to protect the interest of their clients. In accordance with the established jurisprudence of the Legal Board of Appeal following decision J 27/90 (OJ EPO 1993, 422), even if renewal fees are paid by someone else (i.e. the US patent attorney, an annuity service or even the applicant himself), the appointed professional representative remains responsible in the procedure before the EPO and he has to take the necessary steps to ensure payment, if intended. This includes a reliable monitoring system, reminders to the applicant, etc. (cf. J 11/06 of 18 April 2007, point 8 of the Reasons).

Applying this principle to the current case, it is crucial for the allowability of the application for *restitutio in integrum* whether the appellants' representatives have duly tried to inquire the appellants' true intention, i.e. whether or not they wanted to abandon the patent application, rather than the question whether the representatives have done the necessary to avoid the appellants incurring a loss of a right under Article 86(3) EPC (cf. J 19/04 of 14 July 2005, point 10 of the Reasons).

In this context, the Board notes that the fact that neither JD nor M&C were positively authorized to

execute the renewal fee payments does not constitute an excuse for failing to act on the EPO communication dated 5 July 2004 dealing with the impending loss of rights. Since the appellant 01 clearly stated in his letter to JD that the appellants had no intention of abandoning the patent application by not ticking the option "No - abandon" in the letter dated 2 February 2004, the EPO communication dated 5 July 2004 should have prompted M&C and JD to take action with their client.

- 4.5 It is, therefore, decisive whether the appellants' European representative at M&C and his US attorney at JD had arranged a proper system to inform the appellants of the risk to their application and advise them accordingly.

Article 122 EPC is intended to ensure that in appropriate cases the loss of substantive rights does not result from an isolated procedural mistake within a normally satisfactory system (cf. J 2/86, J 3/86 [consolidated] OJ EPO 1987, 362, 368; J 23/92 of 17 December 1993, point 3 of the Reasons).

- 4.6 The relevant EPO communication was undoubtedly received by M&C. It, therefore, has to be analyzed whether the failure to notify the appellants of the EPO communication dated 5 July 2004 was due to an isolated mistake that occurred, although both M&C and JD had respected all the due care required by the circumstances.

What "all due care" calls for depends on the specific circumstances of the case. In this respect, not only

the individual circumstances of the person concerned have to be taken into consideration, but also the kind of time limit that needs to be observed and the legal consequences of missing it. The time limits for paying the renewal fee and the additional fee under Article 86(2) EPC are absolutely critical, since if they are missed the patent application is deemed to be withdrawn and there is no easily accessible remedy like further processing. Thus, they need specific attention.

- 4.7 In their reply to the Board's communication dated 3 April 2007 and in their statements during the oral proceedings on 25 July 2007, the appellants submitted that M&C established a multi-stage procedure when receiving a notice under Article 86(2) EPC. This "normal procedure" comprised the following acts:
- a. to diarise the final deadline for payment of the renewal fee with extension,
 - b. to send a letter to the instructing party advising of the EPO communication and the final deadline (by fax and confirmed by mail),
 - c. to generate a memo that is placed on the front of the file, and brought to the attorney's attention, and
 - d. for the formalities department to check the status of the case, and if necessary, remind the attorney within one month prior to the final extended deadline.

The appellants admitted that in the present case the normal procedure was not completely observed.

The appellants presented evidence of sending the facsimile reminder and generating an internal reminder memo according to points b. and c. of the office's "normal procedure" at M&C. They acknowledged that there was no evidence that the reminder letter of 26 August 2004 was sent by confirmation mail to JD as well. The appellants also submitted that the incoming EPO communication dated 5 July 2004 was registered in the office's mail log on 12 July 2004, and that the memo dated 26 August 2006 was brought to the attorney's attention.

However, the appellants admitted that the M&C staff failed to diarise the deadline both in the computerized diary and in the handwritten diary referred to in point a. of the office's "normal procedure". Furthermore, they conceded that the staff did not remind the attorney responsible for the application according to point d. of the "normal procedure".

According to the appellants, the non-compliance with the office's "normal procedure" at M&C was caused by an isolated error because the experienced clerk in charge at the formalities department at M&C had been properly trained and supervised by another experienced office clerk. However, the supervision in place somehow failed to work.

- 4.8 On the basis of these submissions, it is crucial whether M&C had arranged for a proper monitoring and crosschecking system to safeguard the proper handling of incoming EPO communications under Article 86(2) EPC and patent applications against unconscious abandonment.

The question whether a particular system used in a particular office to ensure that acts such as the payment of fees are completed in due time satisfies the requirement of "all due care" as to Article 122 EPC must depend upon the individual circumstances of each case. In a large firm where a large number of dates have to be monitored at any given time, it is normally to be expected that at least one effective crosscheck is built into the system. For a crosscheck to be effective, it is clearly essential that if the crosscheck shows in a particular case an inconsistency between the data being checked and the data which is being used to crosscheck, an investigation must then be carried out to ascertain which data is correct (cf. J 9/86 of 17 March 1987, point 9 of the Reasons).

In the current case, the appellants admitted that there had been multiple failures in the application of the office's "normal procedure" concerning different stages of processing the incoming EPO communication dated 5 July 2004 and that the supervision as such failed to work without giving the slightest clue what might have caused the complete breakdown of the "normal procedure".

That aside, the time spent before dealing with the EPO communication at M&C indicate that the handling of matters that might result in an irrevocable loss of rights was at the relevant time anything but satisfactory. The EPO communication was received and entered into the office's mail log system on 12 July 2004, but the reminder letter to JD was sent and the internal memo to the attorney was prepared only on 26 August 2004.

In addition, the appellants' European representative had failed to arrange safeguards for monitoring potential errors that might occur in the facsimile and/or posting system outside its direct control and had remained passive.

In the face of the fact that M&C sent reminders to JD in at least one other case (cf. J 3/07) but did not receive an answer from JD, M&C should have raised a query with either JD or the appellants to inquire the true intention of the appellants concerning the pending patent application well before the expiry of the deadline under Article 86(2) EPC (cf. J 19/04 of 14 July 2005, point 14 of the Reasons). The failure of the appellants' European representative to arrange for a system suitable to discover and deal with problems in the posting system, that are generally known to occur from time to time, does not constitute an isolated mistake but a fundamental and permanent one.

Furthermore, even in cases where a representative may be entitled to delegate to assistants the recording and monitoring of due dates, once a file passes into the representative's domain because it is forwarded to him for further prosecution, he may no longer assume that his assistants reliably completed all the duties delegated to them. His professional prudence demands, moreover, that he does not only carry out random checks of the diaries, but also that he verifies the calculation of time limits once the file has been handed over to him. This belongs to his own duty of care that cannot be delegated (cf. T 1561/05 of

17 October 2006, points 2.2.1 and 2.2.2 of the Reasons; T 439/06 of 31 January 2007, point 10 of the Reasons).

In the present case, the appellants confirmed at the oral proceedings that the attorneys at M&C had not established an individual crosschecking system concerning the files under their personal responsibility that would have enabled the appellants' European representative to check the time limit when the memo dated 26 August 2004 was forwarded to him.

The crosschecking system in place at M&C at the relevant time, therefore, was fragmentary leaving the disclosure of potential malfunctions to chance. Thus, it was anything but effective.

For these reasons alone and bearing in mind that there had been similar events of non-compliance with the office's "normal procedure" concerning the patent applications which are the subject of the appeal proceedings J 1/07 and J 3/07, and, as the appellants admitted during the oral proceedings, in other cases as well, the Board finds itself unable to conclude that only *an* isolated mistake occurred in a normally satisfactory system. The fact that a multitude of mistakes happened in respect of various cases indicates that the "normal procedure" was anything but "normally" observed and excludes the assumption of *an* isolated mistake.

The failure to provide a reliable system for registering and directing to the responsible attorney incoming reminders of the due payment of fees for a pending patent application is by itself incompatible

with acknowledging the presence of a normally satisfactory system and the exercise of all due care within the meaning of Article 122(1) EPC.

- 4.9 As the Board is not convinced that the appellants' European representative had a system in place in 2004 that normally functioned well, there is no need to look in detail at the events at JD.

However, the appellants' submissions concerning the disappearance of the reminder sent by M&C to JD hardly appear to be convincing. In this respect, the appellants restricted themselves to assuming that the reminder could have been forwarded inadvertently to the wrong recipient. Bearing in mind that there had been a similar failure with at least one other patent application (cf. J 3/07), the assumption of an isolated mistake occurring in a normally satisfactory system at the JD office seems to be questionable, at the very least.

5. The appellants' "auxiliary request" does not constitute a request to be allowed to make further submissions and to present further evidence for facts that have already been substantiated. In its substance, it is rather directed to allowing the appellants to substantiate additional yet undefined facts and then furnish possible evidence therefor.

The request was late filed in view of the stage of the proceedings reached. In its communication accompanying the summons to oral proceedings dated 3 April 2007, the Board stated that it is decisive whether the appellants' European representative at M&C and their US

attorney at JD had arranged a proper system to inform the appellant of the risks to their application and advise him accordingly. The appellants were invited to file a response to the Board's preliminary remarks within a time limit set and were notified that the admission of facts and evidence would be subject to the provisions of Article 114(2) EPC and Articles 10a and 10b RPBA. Nevertheless, the vague "auxiliary request" was filed only towards the end of the oral proceedings.

In this situation, allowing the "auxiliary request" would have led to an adjournment of the oral proceedings and, as such, contravened Article 10b(3) RPBA.

For these reasons, the "auxiliary request" is not allowable.

6. Since the appellants have not convincingly shown that their European representative has taken all the due care required by the circumstances the appeal has to be dismissed.

Order

For these reasons it is decided that:

The appeal is dismissed.

The Registrar

The Chairman

S. Fabiani

B. Günzel