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**Datasheet for the decision
of 23 November 2022**

Case Number: J 0009/21 - 3.1.01

Application Number: 09007539.1

Publication Number: 2100615

IPC: A61K39/00, A61P35/00,
G01N33/68, G01N33/574

Language of the proceedings: EN

Title of invention:

Cancer therapy

Patent Proprietor:

Biotempus Pty Ltd

Opponent:

Bristol-Myers Squibb Company

Headword:

Relevant legal provisions:

EPC Art. 20(1)

EPC R. 103(1)(a), 142(1)(b), 142(4)

Keyword:

Interruption of proceedings (yes)

Patent proprietor prevented by legal reasons from continuing the proceedings (yes)

Competence of the Legal Division to declare interruption (yes)

Substantial procedural violation - reimbursement of appeal fee (no)

Decisions cited:

G 0003/08, G 0003/19, J 0011/95, J 0007/96, J 0009/12,

J 0018/12, J 0024/13, J 0010/19, J 0014/19, T 0854/12,

T 0054/17, T 1389/18

Catchword:



Juristische Beschwerdekammer
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Case Number: J 0009/21 - 3.1.01

D E C I S I O N
of the Legal Board of Appeal 3.1.01
of 23 November 2022

Appellant: Bristol-Myers Squibb Company
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Decision under appeal: **Decision of the Legal Division of the European
Patent Office dated 9 July 2021**

Composition of the Board:

Chair W. Sekretaruk
Members: N. Obrovski
K. Kerber-Zubrzycka

Summary of Facts and Submissions

- I. The Opposition Division revoked European patent No. 2100615 with its decision dated 5 February 2018, and the patent proprietor filed an appeal against this decision (appeal number T 967/18). The present appeal proceedings concern a decision which was taken subsequently, namely the decision of the Legal Division dated 9 July 2021 on the interruption of the opposition proceedings under Rule 142 EPC, against which the opponent appealed.

- II. By submission dated 19 July 2019, the patent proprietor informed the Legal Division that Biotempus Ltd. had, on 21 February 2017, assigned the patent to HHKM KH Pty Ltd. which had, on 14 March 2017, changed its name to Biotempus Pty Ltd. The patent proprietor further stated that an external administrator for Biotempus Ltd. had been appointed on 26 September 2016, in the context of the company entering voluntary administration.

- III. By communication dated 26 July 2019, the Legal Division declared that the opposition proceedings had been interrupted as from 11 November 2016 (i.e. as from the day after the expiry of the opposition period) and that the proceedings would be resumed on 4 November 2019. By submission dated 24 October 2019, the opponent requested that the Legal Division set aside the interruption of the proceedings or, alternatively, that it set 21 February 2017 as the date of resumption of the proceedings. After issuing a communication and holding oral proceedings, the Legal Division issued the decision under appeal.

- IV. In its statement of grounds of appeal, the appellant essentially argued that the parties concerned had to be heard before an interruption is declared by the Legal Division. A preventive measure with immediate effect without hearing the parties beforehand might be justified in the case of a stay of proceedings pursuant to Rule 14 EPC, but not in the case of an interruption of proceedings pursuant to Rule 142 EPC. While a stay of proceedings was only ever ordered with respect to the future, an interruption of proceedings had retroactive effect. By not hearing the opponent before ordering the interruption of proceedings, the Legal Division had violated the opponent's right to be heard and its expectation to be given a means to challenge the lawfulness of an interruption before it is ordered.
- V. Moreover, the appellant questioned whether the requirements for an interruption of proceedings pursuant to Rule 142(1)(b) EPC had been fulfilled. There had been no bankruptcy proceedings and the appointment of an external administrator had not legally prevented the patent proprietor from continuing the proceedings. As in J 11/95 and T 54/17, the patent proprietor had also factually continued the proceedings. Moreover, contrary to what was required according to T 854/12, the Legal Division had not fully examined whether the factual requirements for an interruption had been met, including with regard to a possible abuse of rights by the patent proprietor.
- VI. As to the auxiliary request that 21 February 2017 be set as the date of resumption of the proceedings, the appellant mainly argued that the external administrator had on 21 February 2017 assigned the patent on behalf of Biotempus Ltd. (the former patent proprietor) to the current patent proprietor and respondent (at the time

called HHKM KH Pty Ltd.). Accordingly, the alleged legal incapacity of Biotempus Ltd. had no longer been relevant as of this date. A resumption as of this earlier date would serve legal certainty and procedural economy. Delays in informing the EPO about changes relating to the patent as an object of property fell entirely within the sphere of the proprietor and should not be detrimental to the legitimate interests of the public and the opponent.

- VII. The respondent (patent proprietor) did not file a reply to the opponent's statement of grounds of appeal. It did not participate in the present appeal proceedings in any other way either.
- VIII. The Board issued a communication under Article 15(1) RPBA 2020 and held oral proceedings by videoconference on 23 November 2022.
- IX. In the oral proceedings before the Board, the appellant stated that a potentially far-reaching "eraser effect" distinguished an interruption of proceedings under Rule 142 EPC from a stay of proceedings under Rule 14 EPC. In the present case, this "eraser effect" led to the wiping out of the entire opposition and appeal proceedings. Therefore, the Legal Division had to establish beyond doubt that the requirements for an interruption of proceedings were met, and had to hear the parties before declaring such an interruption. In the oral proceedings before the Board, the appellant also questioned, for the first time in the entire proceedings, the Legal Division's competence to declare an interruption of the proceedings under Rule 142 EPC.
- X. The appellant's final requests were that the decision of the Legal Division and the interruption of the

proceedings be set aside and that the case be remitted to the Legal Division (main request) or, as an auxiliary request, that the decision of the Legal Division be set aside and 21 February 2017 be set as the date of resumption of the proceedings. The appellant further requested the reimbursement of the appeal fee due to a substantial procedural violation.

Reasons for the Decision

1. *Competence to declare the interruption of proceedings*
 - 1.1 Under Rule 142(1)(b) EPC, proceedings before the EPO must be interrupted if the applicant or patent proprietor is prevented by legal reasons from continuing the proceedings as a result of an action taken against their property.
 - 1.2 Under Article 20(1) EPC, the Legal Division is responsible for decisions in respect of entries in the European Patent Register. The European Patent Register must contain, under Article 127(1) EPC in conjunction with Rule 143(1)(t) EPC, *inter alia* entries on dates of interruption and resumption of proceedings under Rule 142 EPC.
 - 1.3 An applicant or patent proprietor may be involved in a multitude of proceedings before the EPO, possibly before different types of departments within the meaning of Article 15 EPC, such as examining divisions, opposition divisions or (multiple) boards of appeal. However, regardless of the number of proceedings affected, the question of whether or not the conditions of an interruption under Rule 142(1)(b) EPC are fulfilled depends on the legal status of a single

applicant or patent proprietor. This legal status must be determined on a set of facts which is usually identical in all proceedings affected.

1.4 The EPOrg is an intergovernmental organisation governed by the rule of law (G 3/19, Reasons XXV.1; see also G 3/08, Reasons 7.2.3), which requires predictability of jurisdiction and also a certain degree of uniformity in the application of the law. Therefore, although it may not always be possible to achieve this due to a lack of binding effect (see T 854/12, Reasons 1.2.6), the EPO should endeavour to avoid conflicting decisions on the interruption of proceedings under Rule 142(1)(b) EPC which concern the same applicant or patent proprietor and the same set of facts in multiple proceedings.

1.5 A risk of conflicting final decisions exists even in the absence of multiple pending proceedings. In the present case, the EPO became aware of facts relevant to an interruption under Rule 142(1)(b) EPC when an appeal was already pending before a technical board of appeal which had not yet, however, started the examination of the appeal on the merits. The Legal Division then issued a communication declaring the interruption of the proceedings, followed by an appealable decision. Pursuant to Article 21(2) EPC, the review of this decision falls under the exclusive responsibility of the Legal Board of Appeal. In such circumstances, it is possible that the Legal Board of Appeal and the Technical Board of Appeal both consider on the merits whether or not the present opposition appeal proceedings were interrupted, and come to different conclusions.

1.6 In T 1389/18, Reasons 6, the Technical Board of Appeal distinguished between the decision of the Opposition Division, against which the appeal before it had been filed, and the Legal Division's later communication declaring the interruption of the proceedings. The Board considered the latter not to be encompassed by the appeal against the Opposition Division's decision. While the present case differs from T 1389/18 in that the appeal proceedings before the Technical Board of Appeal were already pending when the Legal Division issued its communication, the approach taken in T 1389/18 avoids two conflicting final decisions of boards of appeal being taken on the same legal question concerning the same patent.

1.7 In conclusion, the Board agrees with the finding in T 1389/18, Reasons 4, that the Legal Division has the power to determine an interruption of the proceedings, which was as a result also confirmed in J 10/19, Reasons 6. As such, this power was not denied in T 854/12, Reasons 1.2.2 and 1.2.3, either, where it was only concluded that the Legal Division's power in that regard was not exclusive.

2. *Interruption of proceedings due to the appointment of an external administrator*

2.1 The conditions for an interruption under Rule 142(1)(b) EPC, i.e. that the patent proprietor was, as a result of an action taken against its property, prevented by legal reasons from continuing the proceedings, were fulfilled in the present case.

2.2 The appellant argued that the appointment of an external administrator did not result in the respondent being prevented by legal reasons from continuing the

proceedings. It essentially referred to the voluntary nature of the external administrator's appointment and the absence of a bankruptcy judgment.

2.3 The Legal Division's finding in view of the documents annexed to the respondent's submission dated 19 July 2019 that an external administrator was appointed in line with the provisions of the Australian Corporations Act was not contested by the appellant. Under the Australian Corporations Act, a company may be placed into external administration if it is experiencing financial problems. In such a situation, an external administrator may, as in the present case, be appointed voluntarily by the company's directors, or involuntarily by its creditors. In both cases, the interests of creditors are involved. As to voluntary external administration, Section 436A of the Australian Corporations Act states that a company's directors may appoint an external administrator if, in their opinion, "the company is insolvent, or is likely to become insolvent at some future time".

2.4 Once appointed, voluntarily or involuntarily, according to Section 437D of the Australian Corporations Act only the external administrator can deal with a company's property. Any transaction or dealing affecting company property is void if it is not entered into or consented to by the administrator (unless the transaction or dealing was entered into under an order of the court). This also corresponds to the external administrator's letter to the former patent proprietor's solicitor dated 29 September 2016, in which he stated that all active files and actions now "fall under my control".

2.5 Hence, the mere fact that there was no bankruptcy judgement and that the former patent proprietor entered

voluntarily into external administration under the Australian Corporations Act does not speak against the application of Rule 142(1)(b) EPC in the present case. Rather, as the disputed patent was part of the former patent proprietor's company property at the relevant point in time, the former patent proprietor was indeed "prevented by legal reasons from continuing the proceedings" within the meaning of Rule 142(1)(b) EPC. The Board also notes that the company placed into external administration was ultimately liquidated.

3. *Purpose and effect of an interruption of proceedings*

3.1 If the relevant conditions are fulfilled, an interruption of proceedings under Rule 142(1)(b) EPC occurs directly by operation of law. Hence, the Legal Division's communication dated 26 July 2019 on the interruption of proceedings was not constitutive in this regard; rather, it only had declaratory effect (see T 854/12, Reasons 1.1.1).

3.2 The interruption of proceedings under Rule 142(1)(b) EPC as a matter of law ensures that an applicant or patent proprietor cannot validly dispose of the application or patent in proceedings before the EPO when legal action according to Rule 142(1)(b) EPC is taken against their property. This protects third parties such as creditors from possibly detrimental dispositions of the applicant or patent proprietor (see T 1389/18, Reasons 8). Against this background, the purpose of Rule 142 EPC should not be considered as only consisting in the protection of the applicant or patent proprietor (as was stated in T 854/12, Reasons 6.1, and T 54/17, Reasons 1.5).

3.3 In view of the purpose underlying Rule 142(1)(b) EPC as explained above, the effect of an interruption of proceedings is not limited to certain periods being interrupted as specified in Rule 142(4) EPC. Rather, after the interruption has taken effect, procedural acts undertaken by the parties which do not concern the situation created by the interruption - like in the present proceedings the question of whether there actually was an interruption - are invalid. The same principle applies to acts, including decisions, taken by the EPO during the time of interruption.

3.4 In T 1389/18, Reasons 7, it was accordingly held that the decision announced by the opposition division during the period of interruption was null and void. In the present case, it will be up to the Technical Board of Appeal in case T 967/18 to assess this matter.

4. *Factual continuation of the proceedings by the patent proprietor*

4.1 Whether or not the patent proprietor continued the opposition proceedings *factually* during the period of interruption is irrelevant under Rule 142(1)(b) EPC, as this provision is only concerned with whether the patent proprietor was *legally* able to continue the proceedings (see T 1389/18, Reasons 8, last sentence). In particular, the mere fact that an applicant or patent proprietor continues proceedings before the EPO does not allow any conclusions to be drawn as to whether or not they were legally prevented from doing so. The interruption of proceedings under Rule 142(1)(b) EPC by force of law rather ensures that acts undertaken by applicants or patent proprietors which continue the proceedings even though they are not legally allowed to do so are invalid - and therefore

cannot be detrimental to the legitimate interests of third parties.

4.2 The Board does not understand J 11/95, Reasons 5.3, as relying merely on the factual continuation of the proceedings by the applicant to arrive at the conclusion that the applicant was legally not prevented from doing so. If that were the case, the Board would disagree. However, it rather seems that the Board in case J 11/95 was of the opinion that, in view of the evidence provided, national bankruptcy had in this specific case not legally prevented the company concerned from continuing the proceedings before the EPO.

5. *Alleged abuse of rights*

5.1 As to the alleged abuse of rights by the respondent, the Board notes that the burden of proof for an abuse of rights lies with the party claiming the abuse of rights, and that such an abuse must be established beyond doubt. It may in particular constitute an abuse of rights if a legal right is exercised predominantly to cause harm instead of for legitimate purposes (J 14/19, Reasons 13.1). An interruption of proceedings under Rule 142(1)(b) EPC, however, does not occur due to the exercise of any "right" of the applicant or patent proprietor. It occurs directly by operation of law and, as explained in point 3.2 above, also protects the legitimate interests of third parties, in particular creditors. The Board also notes that the respondent did not request interruption.

5.2 Having said that, it was nevertheless unfortunate that the respondent only informed the EPO by letter of 19 July 2019 about having entered into voluntary

administration almost three years before. Had the respondent informed the EPO in a more timely manner, the impact of the interruption could have been less severe.

6. *Interruption not subject to discretion*

6.1 Whether proceedings "shall be interrupted" under Rule 142(1)(b) EPC is not a discretionary decision of the deciding body (J 18/12, Reasons 10). Rather, an interruption of proceedings only depends on whether or not the conditions referred to in Rule 142 EPC are met (see J 10/19, Reasons 11 and 12, which did not consider T 54/17 to be of any general relevance in this respect, with which the Board agrees). Hence, it is not necessary to consider and weigh the specific individual interests involved before declaring an interruption of the proceedings. Accordingly, the Legal Division did not have to establish additional facts regarding the specific interests of the parties.

7. *No retroactive effect of setting a declaration of interruption aside*

7.1 Allowing the appellant's main request that the decision under appeal be set aside and that the proceedings be interrupted from 11 November 2016 to 4 November 2019 would require that the interruption is set aside with retroactive effect. The same is true of the appellant's auxiliary request that the decision under appeal be set aside and that 21 February 2017 - i.e. a date in the past - be set as the new date of resumption of the proceedings.

7.2 According to case law, it is not possible to set aside a declaration of interruption by the Legal Division

with retroactive effect, not even if it was declared erroneously (for an interruption see T 1389/18, Reasons 6, and J 10/19, Reasons 4 to 13; for a stay see J 14/19, Reasons 3.5, with further references). Following this case law, the appellant's main and auxiliary requests could not be allowed for that reason alone. There would be no point in ordering a resumption of proceedings in the near future either, as the proceedings were already resumed by the Legal Division itself as from 4 November 2019.

7.3 The reasons invoked in the case law cited above include that otherwise time limits which had been declared by the Legal Division to be interrupted could, from the parties' perspectives, be shortened or expire retroactively (see J 10/19, Reasons 5). In addition, members of the public have legitimate expectations that the dates of interruption and resumption which are entered into the European Patent Register are correct (see J 10/19, Reasons 9).

7.4 As the interruption in the case at hand was not declared erroneously, this matter does not need to be analysed further. However, the present Board notes that it seems to follow from the aforementioned case law that the effects of an interruption under Rule 142(1)(b) EPC can come into existence not only as a matter of law at the time of, and due to, the fulfillment of the conditions for an interruption under Rule 142(1)(b) EPC, but also - and in such cases indeed retroactively - through an erroneous declaration of interruption by the Legal Division.

8. *Request for reimbursement of the appeal fee due to a substantial procedural violation*

- 8.1 An interruption of proceedings under Rule 142 EPC is, in terms of its legal nature, comparable to a stay of proceedings under Rule 14 EPC (J 10/19, Reasons 5). In particular, and contrary to the appellant's assertion, the Legal Division may declare both an interruption of the proceedings under Rule 142 EPC and a stay of the proceedings under Rule 14 EPC with retroactive effect to the date on which the conditions of the respectively applicable legal provisions have been fulfilled (for an interruption see T 1389/18, Reasons 4; for a stay see J 14/19, Reasons 3.4, with further references). While the retroactive effect of an interruption under Rule 142 EPC may concern a date which is further in the past than the retroactive effect of a stay under Rule 14 EPC (as the latter concerns the date on which an allowable request was filed, see J 9/12, Reasons 11), this is a matter of degree rather than of legal nature.
- 8.2 As to the procedure, it is established case law of the boards of appeal on a stay of proceedings under Rule 14 EPC that the applicant does not have to be heard before the Legal Division issues a communication to the applicant on the stay of proceedings. The established practice is that after notification of this communication, the applicant can challenge the stay of proceedings ordered by the Legal Division and request an appealable decision. This practice has been explained to be related to the purpose of Rule 14 EPC, which is to provide effective legal protection of the legitimate interests of the third party requesting the stay of the proceedings (see J 14/19, Reasons 3.3 and 3.4, with further references). In particular, a non-entitled applicant should be prevented from impairing the position of a third party (J 24/13, Reasons 3.4),

for example by withdrawing the application or patent (see J 7/96, Reasons 8).

- 8.3 Similar considerations apply to an interruption of the proceedings under Rule 142(1)(b) EPC. The interruption of the proceedings ensures that an applicant or patent proprietor cannot validly dispose of the application or patent in proceedings before the EPO when legal action according to Rule 142(1)(b) EPC is taken against their property (see point 3.2 above).
- 8.4 The Legal Division is therefore not barred from issuing a communication on the interruption of the proceedings without hearing the parties beforehand as a matter of principle. However, if it does not hear the parties beforehand, it must hear them afterwards. Having heard the parties, the Legal Division must be open to arrive at a conclusion which deviates from its initial assessment. In particular, if the Legal Division considers its previous declaration erroneous, it will have to order a date of resumption of the proceedings in the immediate future. This will usually be considerably earlier than the date it initially ordered.
- 8.5 According to the case law referred to in point 7.2 above, it may be that procedural acts which were carried out during the period for which the interruption was declared must be repeated even if the Legal Division itself, after having heard the parties, considers its previous declaration of interruption erroneous. The appellant is correct in its understanding that this can have more severe consequences in case of an interruption than in case of a stay of proceedings. This is particularly so if (almost) entire opposition proceedings have been

conducted during the relevant period. In such cases, the expected legal consequences of the interruption may indeed require the Legal Division to hear the parties before issuing a declaration of interruption.

8.6 Having said that, a precondition for reimbursement of the appeal fee under Rule 103(1)(a) EPC is that the appeal is allowable (Case Law of the Boards of Appeal, 10th edition, 2022, V.A.11.5). As the appeal is not allowable, the request for reimbursement of the appeal fee must be refused.

8.7 The appellant also stated that a higher standard of proof should be applied to an interruption of the proceedings, namely that the underlying factual requirements had to be established beyond doubt. The appellant argued that in the present case only the respondent had had access to the relevant information. However, as an interruption of proceedings also serves the interests of third parties such as creditors, a deviation from the generally applicable standard of proof, i.e. the balance of probabilities, would not be justified for that reason alone.

Order

For these reasons it is decided that:

1. The appeal is dismissed.
2. The request for reimbursement of the appeal fee is refused.

The Registrar:

The Chair:



C. Eickhoff

W. Sekretaruk

Decision electronically authenticated