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**Datasheet for the decision
of 15 December 2010**

Case Number: T 1908/09 - 3.2.02

Application Number: 98956323.4

Publication Number: 1026983

IPC: A61B 5/00

Language of the proceedings: EN

Title of invention:

Multispectral/hyperspectral medical instrument

Applicants:

1. THE UNITED STATES GOVERNMENT as represented by
THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
2. Hyperspectral Imaging, Inc.

Headword:

Re-establishment of rights/HYPERSPECTRAL IMAGING INC.

Relevant legal provisions:

EPC Art. 122, 133

EPC R. 112, 130, 135, 136, 151

Relevant legal provisions (EPC 1973):

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Keyword:

"Re-establishment of rights"

"Two-month time limit as from removal of cause of non-compliance"

Decisions cited:

T 0840/94, J 0022/88, J 0009/89, J 0010/93, J 0011/98

Catchword:

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Case Number: T 1908/09 - 3.2.02

D E C I S I O N
of the Technical Board of Appeal 3.2.02
of 15 December 2010

Appellants:

1. THE UNITED STATES GOVERNMENT as represented
by THE DEPARTMENT OF HEALTH AND HUMAN
SERVICES
Office of Technology Transfer
Suite 325
6011 Executive Boulevard
Rockville, MD 20852-3804 (US)
2. Hyperspectral Imaging, Inc.
537 Steamboat Road
Greenwich, CT 06830 (US)

Representative:

Jones Day
Rechtsanwälte, Attorneys-at-Law, Patentanwälte
Prinzregentenstraße 11
D-80538 München (DE)

Decision under appeal:

**Decision of the Examining Division of the
European Patent Office posted 27 March 2009
refusing European patent application
No. 98956323.4 pursuant to Article 97(2) EPC.**

Composition of the Board:

Chairman: M. Noël
Members: P. L. P. Weber
A. Pignatelli

Summary of Facts and Submissions

- I. This appeal is against the decision of the Examining Division posted on 27 March 2009 refusing European patent application No. 98 956 323.4.

- II. The applicants and appellants, the United States Government (as represented by the Department of Health and Human Services (HHS)) and HyperMed Inc., filed a notice of appeal which was received by the European Patent Office on 4 June 2009. The appeal fee was paid on 27 May 2009. No statement setting out the grounds of appeal was filed within the time limit (i.e. by 6 August 2009) set down in Article 108 EPC, nor did the notice of appeal contain anything which could be considered such a statement.

- III. The board of appeal informed the appellants with communication posted on 6 October 2009 that, since the statement setting out the grounds of appeal had not been filed, the appeal would be rejected as inadmissible pursuant to Article 108, third sentence, EPC in conjunction with Rule 101(1) EPC. The appellants were invited to file observations within two months of notification of the communication. The time limit for doing so therefore elapsed on 16 December 2009. However, no observations were filed within that time limit.

- IV. On 4 December 2009 a notice was sent to the appellants drawing their attention to the fact that the renewal fee had not been paid by the due date.

- V. On 12 April 2010, the appellants filed a statement setting out the grounds of appeal and another statement

requesting re-establishment of rights in respect of the time limit for filing the statement setting out the grounds of appeal pursuant to Article 108(2) EPC.

They further requested that the transfer of the European patent application from HyperMed Inc. to Hyperspectral Imaging Inc. be recorded in the European Patent Register, and paid the prescribed fees. The transfer was registered with effect of 12 April 2010.

Oral proceedings were requested in case the board of appeal intended to reject the request for re-establishment of rights.

The appellants furthermore requested that the first-instance decision be set aside and that a patent be granted on the basis of the set of claims according to one of the main or first to second auxiliary requests, all filed on 12 April 2010.

- VI. On 21 April 2010 the appellants paid the renewal fee.
- VII. With communication posted on 27 April 2010, the board sent the appellants its provisional opinion that both parties still seemed responsible for the application. No submissions had been filed showing reasons that could have prevented the U.S. Government as co-appellant from prosecuting the appeal proceedings before the board of appeal.
- VIII. On 15 June 2010 a request for interruption of proceedings pursuant to Rule 142 EPC was refused by the Legal Division of the EPO because the documents on file did not provide sufficient proof that HyperMed Inc. no

longer had control of its assets and could no longer take any action in respect of the present patent application. Thus, the proceedings on re-establishment of rights had to continue before the board of appeal.

IX. Oral proceedings took place on 15 December 2010.

X. The appellant's submissions can be summarised as follows:

The formal requirements for re-establishment of rights under Rule 136 EPC were met because the fee for re-establishment had been paid, the omitted act completed the time limit for filing the statement setting out the grounds of appeal was excluded from further processing, the time limit for filing the request for re-establishment had been observed since the cause of non-compliance had been removed on 12 February 2010 when the sale of HyperMed Inc. to Hyperspectral Imaging Inc. was approved by the Board of Directors, and the request had been filed within one year of expiry of the unobserved time limit.

Although there were two applicants for the present application i.e. the United States Government and HyperMed Inc., according to a licence agreement of 18 January 2007 between them, HyperMed Inc. was solely responsible for prosecution and maintenance of European patent application No. 98 956 323.4. The United States Government had taken all due care required by the circumstances in exercising its responsibility for the application by placing the responsibility for prosecution and maintenance of the application in the hands of the other co-applicant and licensee. This

scenario did not differ substantially from cases where an applicant gave responsibility for prosecution and maintenance to a law firm. The United States Government was made aware of the existence of the time limit for filing the statement setting out the grounds of appeal and of the failure to file this statement only after being contacted by the representatives of Hyperspectral Imaging Inc. on 25 May 2010. Before this date the U.S. Government did not receive any information about this patent.

As evidence for this fact, the appellants submitted the declaration of Mr Kevin W. Chang, the licensing and patent manager in the Infectious Disease and Medical Engineering (IDME) Branch of the Division of Technology Development and Transfer (DTDT) in the Office of Technology Transfer (OTT) at the National Institute of Health (NIH), an agency within the Government of the United States of America, dated 24 August 2010.

The removal of the cause of non-compliance took place on 25 May 2010, when the NIH was contacted by the law firm Jones Day, the current European representative before the EPO in the present appeal. The U.S. Government had therefore exercised all due care required by the circumstances.

HyperMed Inc. had experienced a severe financial shock in mid-2009, resulting in its being shut down on 5 June 2009. With the Board of Directors' resolution dated 5 June 2009 it had been decided that the company would terminate all remaining employees, cease operations and explore voluntary wind-down alternatives. From this moment, practically only one member of the Board of

Directors was in charge of the business. He had to act to protect the creditors, was not allowed to consider patent matters and was not aware of the existence of the licence agreement between HyperMed Inc. and the U.S. Government. Even if he had been aware of it, he would have had no time to read it and discover the clause requiring him to communicate with the U.S. Government. He had other priorities.

Until the sale to Hyperspectral Imaging, Inc. on 12 February 2010, HyperMed Inc. had not been able to pay the attorneys and these had refused to do any legal work. Furthermore, the resolution of the Board of Directors prevented HyperMed Inc. from taking any legal action. Even if HyperMed Inc. had decided, in breach of the resolution, to use all their financial means to prosecute the European patent application, there would not have been enough funds to pay the attorneys.

The responsible member of the Board of Directors for HyperMed Inc., after receiving the communication of the board of appeal of 6 October 2009, did not inform the U.S. Government that the time limit had been missed and that HyperMed Inc. could not prosecute the case because of the financial difficulties they were experiencing. The reason was that the financial means were not sufficient to pay a lawyer for giving the necessary advice on this matter and that the member of the Board of Directors was only responsible for the day-to-day business and had other priorities. A notice of appeal had nevertheless been filed on 4 June 2009 because the U.S. representative gave instructions to do so to the European representative on 18 May 2009. At that time, the Board of Directors was trying to find investors and

it was not clear that on 5 June 2009 there would be a shut-down.

The Board of Directors was unable to sell the company until December 2009. The sale was contingent upon a bankruptcy filing and court approval of the sale. The filing for bankruptcy dated 22 December 2009 and was recorded by the U.S. Bankruptcy Court District of Massachusetts on the same date. The final court order approving the request of HyperMed Inc. for approval of the sale was issued on 12 February 2010. This date is to be considered the date on which the cause for non-compliance was removed.

For the reasons cited above, the failure to observe the time limit for filing the statement setting out the grounds of appeal was due to exceptional circumstances, and HyperMed Inc. took all due care possible in that situation. At the oral proceedings, the appellants requested a further opportunity to file more evidence concerning the role of the members of the Board of Directors if the board of appeal considered it necessary.

HyperMed Inc. was represented by an U.S. attorney who, in turn, instructed a European attorney with regard to the European patent application. The attorneys monitored the time limit for filing the statement of grounds of appeal and reminded HyperMed Inc.. During the time between the shut-down of HyperMed Inc.'s business (5 June 2009) and approval of the bankruptcy sale (22 December 2009), the U.S. lawyer representing the company on patent matters moved firms and took custody of IP-related files. This lawyer insisted on a

retainer that exceeded HyperMed Inc.'s ability to pay. There was therefore a lack of information. The lawyer however had advised HyperMed Inc. about the consequences of failure to pay the retainer, in particular that this could lead to a loss of rights. As evidence, the appellants submitted e-mail correspondence between the lawyer and HyperMed Inc. on 4 November 2009. The representatives had therefore taken all due care.

Reasons for the decision

The appeal is not admissible because the request for re-establishment in respect of the right to file the statement of grounds of appeal is not admissible.

1. In the present case, one of the co-appellants, HyperMed Inc., transferred the application to another company, Hyperspectral Imaging Inc., which filed the request for re-establishment and the statement of grounds of appeal.

The transfer of the application took place on 12 April 2010 at a time when the time limit for filing a statement setting out the grounds of appeal had been missed and the application was no longer pending. However, if a legal remedy is still available and the successor in title has taken procedural steps suitable for restoring the application, the transfer can be allowed and the successor in title can prosecute the proceedings (see J 10/93 OJ EPO 1997, 91).

In the present case, on 12 April 2010 when the request for transfer and re-establishment was filed, and even

on 21 April 2010 when the renewal fee was paid, re-establishment was still available, since the one-year unobserved time limit would only elapse on 6 August 2010. The successor in title - Hyperspectral Imaging Inc. - can therefore prosecute the proceedings in place of HyperMed Inc. together with the U.S. Government.

2. Re-establishment of rights is available, since the non-observance of the time limit for filing the statement setting out the grounds of appeal has the direct consequence of causing the loss of the right to appeal (Article 122(1) EPC) and further processing under Article 121 EPC is not available for the missed period (Article 122(2) EPC in conjunction with Rule 136(3) and Rule 135(2) EPC). The request has been filed within one year of expiry of the unobserved time limit (Rule 136(1) EPC).
3. However, the request has not been filed within two months of removal of the cause of non-compliance with the period under Rule 136(1) EPC.

According to the established case law of the boards of appeal, the removal of the cause of non-compliance is a question of fact and occurs on the date on which the responsible person (i.e. the patent applicant or proprietor, or his authorised agent, as the case may be) is made aware or ought to have noticed the fact that a time limit has not been observed. In the absence of circumstances to the contrary, a communication under Rule 112(1) EPC to the representative removes the cause of non-compliance (cf. Case Law of the Boards of Appeal of the European Patent Office, 6th edition 2010, VI.E.3.2.1)

3.1 The communication under Rule 112(1) EPC informing the appellants that the time limit for filing the grounds of appeal had not been observed was sent on 6 October 2009 to the representative named by one of the two co-appellants i.e. at that time HyperMed Inc..

According to Article 133(4) and Rule 151(1) EPC, if there is more than one applicant the co-applicants have to name a common representative. If they fail to do so and one of the applicants is obliged to appoint a professional representative under Article 133(2) EPC, this representative is deemed to be the common representative.

In the present case, both co-appellants should be represented by a professional representative according to Article 133(2) EPC, because they do not have their residence or principal place of business in a Contracting State to the EPC.

Thus, the representative named by HyperMed Inc. was a common representative according to Rule 151(1), 2nd sentence, EPC. Notification to the common representative is sufficient according to Rule 130(3) EPC.

It is assumed in favour of the co-appellants that neither the representative nor they themselves were aware of the missed time limit before the assumed date of the notification under Rule 126(2) EPC. Thus, at the latest with the notification of the loss of rights on 16 October 2009 (Rule 126(2) EPC) to their common

representative (Rule 130(3) EPC) both applicants were made aware of the fact that the time limit had expired.

Hyperspectral Imaging Inc. did not contest that the representative of HyperMed Inc. received the information from the EPO at the latest on 16 October 2009 and that they received the same information from the representative.

The loss of rights was, therefore, duly notified and the cause of non-compliance with the missed time limit removed on 16 October 2009.

- 3.2 The board cannot follow the arguments of the co-appellants that the cause of non-compliance with the missed time limit persisted due to exceptional circumstances, even though their representative was duly informed of the loss of rights.

As far as the U.S. Government is concerned, the licence agreement existing between the co-applicants does not have any effect in relation to the EPO, so that the communication was duly notified.

If information on the course of the proceedings is duly notified, the party may or may not take notice of it. If it decides deliberately not to take notice of it, it cannot rely thereafter on the fact that it had no knowledge of matters necessary for continuing the proceedings (see T 840/94 (OJ EPO 1996, 680)).

The U.S. Government passed on to the co-applicant its responsibility for the application. The lack of information on the part of the U.S. Government was the

consequence of the arrangement between the two co-applicants. It has to assume the responsibility for that and accept the consequences.

It has not been submitted that the U.S. Government had any other reasons for not prosecuting the proceedings after the notification of the communication.

As far as HyperMed Inc. is concerned, according to the jurisprudence of the boards of appeal of the EPO, financial difficulties can only be a cause of non-compliance if the applicant concerned has tried everything to get support and has not succeeded (J 22/88; J 9/89; J 11/98).

Thus, it was not necessary that HyperMed Inc. ask a lawyer to prosecute the proceedings. It would have been enough - but nevertheless necessary - for HyperMed Inc. to try to get financial support. The easiest way would have been to inform the co-appellant, i.e. the U.S. Government, of the situation in accordance with the licence agreement and ask the Government for financial support.

Even if it is assumed in favour of the co-appellants that

- the U.S. Government had no reason to act because it relied on the licence agreement,
- the member of the Board of Directors running the company was not aware of the licence agreement and in particular of point 7.2 of it stating that "Each party shall promptly inform the other as to all matters that come to its attention that may

- affect the preparation, filing, prosecution or maintenance of the licenced patent rights ...",
- the financial means at disposal were not enough to pay a lawyer to prosecute the proceedings or to inform him of the existence of the licence agreement,
 - the remaining member of the Board of Directors, even if he knew that the contract existed, did not have enough time to read the agreement,

the board considers that HyperMed Inc. could and should have at least tried to get support from the other co-appellant. No further evidence concerning the role of the members of the Board of Directors is necessary to establish this.

To get support from the other co-appellant it was not even necessary that HyperMed Inc. was aware of the existence of the licence agreement or asked a lawyer to be informed about the licence agreement.

When the remaining member of the Board of Directors received the communication of 6 October 2009 under Rule 112(1) EPC from the EPO he could immediately see that the patent was owned by HyperMed Inc. **and** the U.S. Government. The U.S. Government is even named as first applicant and is always named on all other communications from the EPO. It would therefore have been possible for anybody reading the communication of 6 October 2009 to know that the U.S. Government was a co-applicant even without knowledge of the licence agreement and to think of asking it for help in such a difficult situation even without the assistance of a lawyer. The cost of a call or letter to the U.S.

Government could be afforded even in a difficult financial situation.

The saving of a patent can be considered a measure directed to protecting the creditors, thus making it part of the actions the member of the Board of Directors could and even had to take.

As submitted by the appellants, the member of the Board of Directors had other priorities at that time and preferred to deal with other matters and disregard the patent rights.

This is an understandable decision in case of emergency but it is not inevitable behaviour. Re-establishment, however, is reserved to cases in which the person had no other possible choice or was not aware, through no fault of its own, of the missed time limit.

The cause of non-compliance was, therefore, removed on 16 October 2009 at the latest, with the notification of the communication under Rule 112(1) EPC.

- 3.3 The request for re-establishment of rights has, therefore, been filed later than two months after removal of the cause of non-compliance and is thus inadmissible under Rule 136 EPC.
4. The time limit for filing the statement setting out the grounds of appeal under Article 108 EPC has been missed. The appeal is therefore inadmissible under Rule 101(1) EPC.

Order

For these reasons it is decided that:

1. The request for re-establishment of rights to file the statement of grounds of appeal is refused.
2. The appeal is rejected as inadmissible.

The Registrar:

The Chairman:

D. Sauter

M. Noël