CA/PL 17/00

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Munich, 27.03.2000

SUBJECT: Revision of the EPC: Article 22 and new Article 112a

DRAWN UP BY: President of the European Patent Office

ADDRESSEES: Committee on Patent Law (for opinion)

SUMMARY

De lege lata the EPC provides no legal remedy against a decision of a board of appeal of the European Patent Office. Even if it becomes apparent that a serious mistake has occurred there is no further judicial review. This situation is perceived as unsatisfactory and giving rise to an inappropriate lack of judicial relief.

It is proposed therefore to extend the jurisdiction of the Enlarged Board to make a further review possible. The Enlarged Board shall be competent for petitions for review of decisions of the boards of appeal if the appeal proceedings suffer from a fundamental procedural defect or if a criminal act may have had an impact on the decision. Petitions for review shall have no suspensive effect.

The principles governing this new legal remedy shall be laid down in the Convention, and provisions implementing these principles shall be provided for in the Implementing Regulations. Panels with less than seven members representing the Enlarged Board may be set up to deal with these cases.

I. EXTENSION OF THE JURISDICTION OF THE ENLARGED BOARD OF APPEAL

1. *De lege lata* the Enlarged Board of Appeal is responsible for referrals by a board of appeal or by the President of the EPO. A board of appeal may refer a question if it considers that a decision of the Enlarged Board is required in order to ensure uniform application of the law, or if an important point of law arises. The President may refer a point of law where the boards' case law is contradictory (Article 112(1) EPC).

2. *De lege lata* the EPC provides no legal remedy against a decision of a board of appeal. This was confirmed by the Enlarged Board of Appeal in its decision G 1/97 dated 10 December 1999 - "Requête en vue d'une révision/ETA" (not yet published in the OJ EPO). If a European patent is granted or maintained in opposition proceedings it may still be attacked before the national courts. However, if a patent application is refused or a patent revoked by a board of appeal, at present there is no further judicial review of such a finding - even if it becomes apparent that a serious mistake has occurred. This situation is perceived as unsatisfactory and giving rise to an inappropriate lack of judicial relief.

3. In its decision cited above the Enlarged Board stated (reasons for the decision, No. 9):

> "... si, d'une part, la sécurité juridique et le principe selon lequel tout litige doit prendre fin dans des délais raisonnables sont des éléments essentiels dans tout système juridictionnel, une violation flagrante d'un principe fondamental de procédure heurte, d'autre part, l'idée de justice et nuit gravement à l'image des juridictions. ... Le législateur est donc invité à prévoir une possibilité de révision des décisions des chambres de recours passées en force de chose jugée dans des cas bien précis où une grave violation d'un principe fondamental de procédure a eu lieu. Il ne lui appartiendrait pas seulement de déterminer ces cas, mais encore de régler les modalités, y compris la protection des tiers. Compte tenu de la nature fondamentale d'un tel moyen et de ce que, dans le système des brevets européens, la base des procédures de recours (au sens large) est traitée dans la CBE, cette possibilité de révision devrait être prévue, au moins en ce qui concerne ses principes de base, dans la Convention même."

4. *De lege ferenda* it is proposed to extend the jurisdiction of the Enlarged Board: in order to make possible a further judicial review of a decision of a board of appeal, in cases where the appeal proceedings suffered from a fundamental procedural defect or if a criminal act may have had an impact on the decision, the Enlarged Board shall be given the competence to decide on **petitions for review** of such decisions. Petitions for review shall have **no suspensive effect**.

The implementation of this proposal would improve the judicial relief available in proceedings before the European Patent Office and emphasise the judicial character of appeal proceedings in the EPO by offering a means to correct intolerable deficiencies. Unwarranted and undue prolongation of the proceedings must be avoided by the establishment of an appropriately designed procedure for this extraordinary remedy. In particular, a quick and simple screening procedure is necessary to sort out at the very beginning clearly inadmissible or ill-founded petitions for review.

II. MAIN FEATURES OF THE PETITION FOR REVIEW

A. GENERAL REMARKS

5. That a final court decision should be respected in defence of the principle of legal certainty is of the utmost importance for an effective legal system. Thus, decisions of the boards of appeal must remain final decisions.

However, under certain circumstances many legal systems offer a possibility to review final decisions of a court which are *res judicata*. It is acknowledged that even a final court decision must be set aside if maintaining it without further review would be intolerable. Under the continental legal systems, extraordinary legal remedies exist which make it possible to set aside even final judicial decisions. In Belgium, France, Germany, Italy, Spain, Switzerland and the Netherlands there are procedures for revision of final court decisions which suffer from substantial procedural deficiencies (such as the violation of fundamental rules regarding the composition of the court or serious procedural mistakes), or if a decision was based on falsified evidence. In some countries (Germany, Spain, Switzerland), an appeal to a constitutional court may be filed against decisions of the courts of last instance, on the ground of a violation of fundamental rights enshrined in the national constitution.(1) Common to all these procedures is that they are subject to very strict rules.(2)

The purpose of the present proposal is to create a comparable, strictly-limited possibility to apply for a further review of decisions of the boards of appeal of the EPO.

6. Bearing these principles in mind, it is clear that setting aside a decision of a board of appeal should be possible only if it suffers from a major defect, so that maintaining it without further review would be **intolerable**. Furthermore, one has to take into account the possibility that third parties might have begun to use the technical

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(1) Cf. the examples mentioned by the Enlarged Board of Appeal in its decision G 1/97, cited above, points IX.(f) and (g).

(2) For the common law, cf. the decision of the UK House of Lords dated 17 December 1998, In re Pinochet II, [1999] I All ER 577, at 585.

teaching of the failed patent application or patent. As a European patent becomes subject to national law, the revival of a refused application or a revoked patent has repercussions at the national level.

B. INSERTION OF ARTICLE 112a EPC

7. The petition for review must be provided for under the EPC because such a legal remedy would be a completely new feature of the EPC which does not fit into the existing procedures.

8. It is proposed that a petition for review shall lie from decisions of the boards of appeal if during the appeal proceedings, a fundamental procedural defect occurred or if a criminal act may have had an impact on the decision. This principle must be defined more precisely in the Implementing Regulations.

   The wording of the proposed Article 112a(1) EPC implies that only fundamental **procedural** defects can be the basis for a petition for review, but not deficiencies in applying substantive law or minor procedural irregularities. This restriction is justified because the function of the petition for review is to remedy intolerable deficiencies occurring in individual appeal proceedings. The function of the petition for review is not to further develop the practice in grant, opposition and appeal proceedings before the EPO, or to ensure the uniform application of the law. The latter function is fulfilled by the case law of the boards of appeal and referrals to the Enlarged Board of Appeal.

9. The Implementing Regulations shall **exhaustively enumerate the fundamental procedural defects** which shall give rise to a reopening of proceedings before the boards of appeal if, in the review proceedings, it is proved that such a deficiency actually occurred.

   The fundamental procedural defects to be exhaustively enumerated shall be:
   - an **unauthorised person was party to the decision** (this covers cases where a member of the board took part despite being excluded under Article 24(1) EPC, or despite being excluded under Article 24(3) EPC by a decision of the board because of his or her suspected partiality, or the case that somebody had participated who had not been appointed as a board member, or one member acted alone),
   - a **fundamental violation of Article 113 EPC**,
   - a fundamental procedural defect arising from **failure to take into account a request** made by a party.

10. Furthermore, re-opening of appeal proceedings is appropriate, if the reviewing body is satisfied that **criminal behaviour may have had an impact on the decision** (this covers forging of documents, criminally relevant untrue statements by witnesses or experts, fraudulent behaviour of a party, intimidation of the board, etc.).

11. Under no circumstances should the petition for review be a means to review the application of substantive law. A review of the application of substantive law would mean adding a third instance to the procedure before the EPO. In view of the already considerable duration of proceedings, the resulting further prolongation would not be acceptable.

12. If the petition for review is successful, ie if the alleged defect is proved, the consequence shall be that the decision of the board of appeal is set aside and appeal proceedings reopened before the boards of appeal. This decision breaks the *res judicata* effect of the previous decision.

C. COMPETENCE TO DECIDE ON PETITIONS FOR REVIEW

13. The competence to decide on petitions for review could lie with a board of appeal - either the one which handed down the decision under attack or another board. In that case, however, the danger would arise that different boards develop varying practices and apply different yardsticks. The composition of the board might also cause difficulties. It is thus preferable that only one board should decide on such petitions. In principle, the Enlarged Board of Appeal would be the most suitable body. The Enlarged Board is also the most suitable body to focus its attention on **procedural** defects.

14. A system of interlocutory revision (similar to Article 109 EPC) under which the board itself could set aside its decision is equally undesirable: in inter partes proceedings the other party would have to be given full party rights, including appropriate time limits to comment and the right to request oral proceedings. This would cause a delay which is undesirable if the board in the end would decide against setting aside its decision and reopening appeal proceedings. The case would then have to be referred to the Enlarged Board in any case. Such a system could be an incentive to file a petition for review even if there were no chances of success just to prolong proceedings.

D. AMENDMENTS TO ARTICLE 22 EPC

15. In Article 22(1) EPC the jurisdiction of the Enlarged Board of Appeal must be supplemented by the new mandate, namely the petition for review of decisions of the boards of appeal under the conditions laid down in Article 112a EPC.

16. The present paragraph 2 of Article 22 relates to the composition of the Enlarged Board of Appeal and provides that the Enlarged Board be composed of seven members and be chaired by one of the legally-qualified members.

17. However, the consideration of petitions for review by a seven-member body would cause difficulties in practice, in particular, if many such petitions were to be filed. All such petitions will have to be examined in order to establish whether they are clearly inadmissible or ill-founded or to be further considered. Thus, measures are necessary in order to avoid the work of the Enlarged Board as a seven-member body being blocked by petitions for review.

18. The proposed third sentence of Article 22(2) EPC therefore provides the basis for the Implementing Regulations to set up smaller bodies acting as the Enlarged Board in proceedings relating to petitions for review. The Enlarged Board in its reduced composition should always include at least one technically-qualified member.

19. Such smaller bodies shall deal with petitions for review in a two-step procedure. There shall be a filter to sort out at the beginning clearly inadmissible or ill-founded petitions for review. It is envisaged that the Implementing Regulations provide that **three-member panels** (composed of two lawyers and one technically-qualified member) shall have the **power not to entertain** by unanimous vote **inadmissible**, in particular insufficiently substantiated, or **ill-founded petitions for review**. If there is no unanimity, the case will be referred to the Enlarged Board composed as proposed below.

20. It does not seem necessary for the Enlarged Board to sit with seven members in order to make the final decision on the petition for review since the object of such a petition is the correction of defects in individual cases rather than setting the course for EPO practice like in the case of a referral of a point of law by a board or the President. Therefore, the Implementing Regulations may provide that the **body responsible for the final decision** is the **Enlarged Board composed of four lawyers and one technically-qualified member**. This body, if it considers the petition for review admissible, will decide on the merits of the petition for review, ie whether or not the fundamental procedural defect occurred, or whether a criminal act has had an impact on the decision.

E. PROCEDURE FOR PETITIONS FOR REVIEW

21. In order to ensure adequate flexibility, it is appropriate that the Convention provides that the requirements for admissibility of the petition and the procedure to be followed be laid down in the Implementing Regulations along the following lines.

22. A petition for review will only be admissible if filed within the time limits prescribed in the Implementing Regulations, by a party adversely affected by the decision under attack and, in particular, if it is **sufficiently substantiated**. The usual criteria regarding admissibility (eg, as to the form, language, etc.) will also have to be met. Furthermore, as mentioned above, ill-founded petitions for review shall not be entertained.

23. Legal certainty for third parties could be prejudiced by the possibility of a petition for review. The outcome of the new appeal proceedings following successful review proceedings might be that a failed patent or patent application is revived so that already lost protection will be re-established. Thus it is important that the deadline for filing such petitions and setting out the grounds on which review is requested should be very short, ie no longer than 2 months after the decision of the board of appeal became final.

    This short time limit would make it nearly impossible to base a petition for review on criminal behaviour because this should only be a valid ground for reopening proceedings before the boards of appeal following conviction of the person concerned by a criminal court. Therefore, in these exceptional and particularly serious cases, the two-month time limit should start when the conviction by the criminal court becomes final. The protection of a party suffering from criminal behaviour should prevail over legal certainty for third parties. The latter will be protected by a right of continued use (see below, No. 26). However, in the interest of legal certainty, the Implementing Regulations should also provide for an absolute time limit in these cases, eg five years, after which no review will be possible.

24. For a petition for review a high fee, eg EUR 2 500, should be due. As a rule, this fee will be reimbursed if the petition results in a reopening of appeal proceedings.

25. The proceedings before the three-member panels in charge of striking out by unanimous vote clearly inadmissible or ill-founded petitions for review shall be as simple and short as possible: they shall take their decisions in written summary proceedings without oral proceedings. The Implementing Regulations should provide that there is no need to give reasons, or only minimal reasons need be given, for decisions to strike out such petitions. A quick screening procedure in order to strike out at the very beginning clearly inadmissible or ill-founded petitions for review is of great importance to effectively counteract intentional prolongation of proceedings by filing a petition for review.

F. INTERVENING RIGHTS

26. The revival of lost patent protection may prejudice third-party interests. Thus, provision must be made for intervening rights. Paragraph 4 of the proposed

Article 112a governs this issue in similar terms to the regulation in the present Article 122(6) EPC concerning the protection of third-party interests in case of re-establishment of rights after missing a time limit despite observance of all due care. The requirement of good faith guarantees that no rights can be acquired in an abusive way.

27. The entry into the European Patent Register of a petition for review will provide a warning for third parties. Together with the short time limit for filing such petitions and the right of continued use this should provide an acceptable protection for third parties and a sufficient guarantee of legal certainty.

III. CONTINUED INCORPORATION OF THE ENLARGED BOARD OF APPEAL IN THE BOARDS OF APPEAL DESPITE THE EXTENSION OF ITS JURISDICTION

28. At the national level, a judge generally does not work in a court and - at the same time - in the court of appeal competent for hearing appeals against decisions of the first court. This being so, it could be regarded as questionable if members of the Enlarged Board were also members of the boards of appeal.

29. Under the EPC as it stands, this problem does not arise because the Enlarged Board is a special institution within the departments of second instance in proceedings before the EPO, but not a department of higher instance with the power to review decisions of the boards of appeal at the request of the parties.

30. The proposed extension of the jurisdiction of the Enlarged Board of Appeal would not alter the legal status of the Enlarged Board of Appeal. Board of appeal decisions will remain final decisions and their contents *res judicata*. The proposed petition for review of board of appeal decisions does not create a court system comparable to national systems with lower and higher courts. The Enlarged Board will not have a general power to review decisions of the boards at the request of the parties but only the power to reopen appeal proceedings if a fundamental procedural defect occurred in these proceedings or if a criminal act may have had an impact on the decision. Under the proposed amendments to the EPC, the Enlarged Board will remain a special body within the boards of appeal with the task of ensuring the uniform application of the law and/or clarifying important points of law but, in addition, from now on will have the power to reopen appeal proceedings if a fundamental defect occurred in these proceedings. The reasons for entrusting the Enlarged Board of Appeal (and not the boards of appeal) with this task are set out above, points 13 et seq.

31. The idea that the same judges may act on different levels is not a unique one. The new European Court of Human Rights and the Federal Court of Canada are examples of courts with judges who act on two levels.

32. The European Court of Human Rights as set up by Protocol N. 11 to the Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR) signed in Strasbourg 11 May 1994 began to function officially on November 1, 1998. The number of judges in this court (at present: 41) is equal to the number of Contracting States of the ECHR; this is the plenary court. To consider cases brought before it, the European Court of Human Rights sits inter alia in Chambers of seven judges and in a Grand Chamber of seventeen judges.

A Chamber may, under certain conditions, at any time before it has rendered its judgement, relinquish jurisdiction in favour of the Grand Chamber (Article 30 ECHR). This is true, in particular, if the pending case raises a serious question affecting the interpretation of the ECHR, or where the resolution of a question might have a result inconsistent with a previous judgement. This procedure is to some extent comparable to referrals to the Enlarged Board of Appeal of the EPO.

However, Articles 43 and 44 ECHR as amended by Protocol No. 11, are even more interesting in the context of improving judicial relief in the European Patent Office because these provisions set up a procedure which may lead to a re-consideration of a case by the Grand Chamber **after** the Chamber has rendered its decision. Under Articles 43 and 44 ECHR any party to the case may, in exceptional cases, request that the case be referred to the Grand Chamber within a period of three months from the date of the judgment of the Chamber. The judgment of a Chamber shall only become final when the parties declare that they will not request that the case be referred to the Grand Chamber, or three months after the date of the judgement, if reference of the case to the Grand Chamber has not been requested. A panel of five judges of the Grand Chamber examines whether the case referred to the Grand Chamber under Article 43 ECHR raises a serious issue of general importance. If the panel does not accept the request, the judgement of the Chamber becomes final. If the panel accepts the request, the Grand Chamber composed of 17 members will decide the case by means of a judgment which is final.

With regard to the concrete composition of these bodies with individual persons, it must be noted that the judges of the Chambers and the judges of the Grand Chamber are judges of the same court, and it is even provided that two judges of the Chamber before which the case was pending shall sit in the Grand Chamber. However, as provided in the Rules of Procedure, the latter must not sit in the panel responsible for acceptance of the case by the Grand Chamber.

33. A further example where judges have judicial functions at two court levels is the Federal Court of Canada. This court is divided into a Trial Division (the court of first instance) and an Appeal Division. The Chief Justice of the Federal Court is president of the Court of Appeal and ex officio member of the Trial Division. The Associate Chief Justice of the Federal Court is president of the Trial Division and ex officio

member of the Court of Appeal. The Federal Court consists of up to 29 other judges. 10 of these judges are appointed to the Court of Appeal and are ex officio members of the Trial Division; the remainder of these judges are appointed to the Trial Division and are ex officio members of the Court of Appeal. It is further provided in the "Act respecting the Federal Court of Canada" that a judge shall not sit on the hearing of an appeal from a judgment he has pronounced.

IV. THE RELEVANCE OF THE IMPLEMENTING REGULATIONS TO THE EPC

34 As proposed, only the basic principles of the petition for review by the Enlarged Board of Appeal shall be laid down in the Convention. In order to implement the basic principles enshrined in the Convention, provisions will be required in the Implementing Regulations enumerating exhaustively the grounds for a petition set out in points 9 and 10 above. The provisions governing procedure should also be included in the Implementing Regulations.

35. The Implementing Regulations to the Convention and amendments thereto must be placed before the Administrative Council on proposal of the President of the EPO and adopted by the Administrative Council with a three-quarters majority. In view of this clear framework legal certainty will not not be prejudiced if the Implementing Regulations contain the relevant rules for the proposed new procedure. Fixing the procedural principles in the Convention and implementing them by procedures established in the Implementing Regulations is the appropriate means of improving judicial relief in proceedings before the European Patent Office because this will allow for later adjustments which may appear desirable in the future in the light of practical experience with the new legal remedy.

As already pointed out in document CA/PL 3/99 on the implementation of the EU biotechnology directive, which was approved by the Patent Law Committee in its 9th meeting, and approved by the Administrative Council by adopting Rules 23b to 23e EPC, the implementing regulations to international treaties are often used for more precise definition, interpretation and development of the provisions of the treaty itself. The legally-binding force of these supplementary provisions is based on the legislative powers that such treaties confer on the competent bodies. Under the EPC, the Administrative Council is fully competent to adopt and amend the Implementing Regulations (Article 33(1)(b) EPC). This is not simply an authorisation to regulate specific issues in more detail, such as is provided for in national legal systems, but full power to pass supplementary legislation to implement the treaty.

Under Article 164(1) EPC, the Implementing Regulations are an integral part of the Convention and hence are equally binding on the EPO's boards of appeal (Article 23(3) EPC) and on national courts. For the practical application of the Convention, only the interpretation laid down in the Implementing Regulations is authoritative. Other interpretations of individual provisions are possible only where it is specifically demonstrated that the provisions of the Implementing Regulations are inconsistent with the Convention itself.

V. PROPOSED AMENDMENTS

36. The proposals outlined above result in the following amendments to Article 22:

Present wording	Proposed wording
Article 22 Enlarged Board of Appeal	**Article 22** Enlarged Board of Appeal
(1) The Enlarged Board of Appeal shall be responsible for:	(1) The Enlarged Board of Appeal shall be responsible for:
(a) deciding points of law referred to it by Boards of Appeal;	(a) deciding points of law referred to it by Boards of Appeal;
(b) giving opinions on points of law referred to it by the President of the European patent Office under the conditions laid down in Article 112.	(b) giving opinions on points of law referred to it by the President of the European Patent Office under the conditions laid down in Article 112**;**
	(c) deciding on petitions for review of decisions of the Boards of Appeal under the conditions laid down in Article 112a.
(2) For giving decisions or opinions, the Enlarged Board of Appeal shall consist of five legally qualified members and two technically qualified members. One of the legally qualified members shall be the Chairman.	(2) **[...] T**he Enlarged Board of Appeal shall consist of five legally qualified members and two technically qualified members. One of the legally qualified members shall be the Chairman. **For proceedings under paragraph 1(c) the Enlarged Board may be composed of less than seven members as laid down in the Implementing Regulations.**

37. The proposed wording of the new Article 112a EPC reads as follows:

Article 112a
Petition for review by the Enlarged Board of Appeal

(1) Any party to proceedings before a Board of Appeal adversely affected by the decision of the Board may file a petition for review by the Enlarged Board of Appeal

(a) if a fundamental procedural defect as defined in the Implementing Regulations occurred in appeal proceedings or

(b) if a criminal act may have had an impact on the decision.

(2) The petition for review by the Enlarged Board of Appeal has no suspensive effect.

(3) The conditions for filing of the petition for review and the procedure to be followed shall be laid down in the Implementing Regulations.

(4) Any person who, in a designated Contracting State, in good faith has used or made effective and serious preparations for using an invention which is the subject of a published European patent application or a European patent in the course of the period between a decision of the Board of Appeal refusing the application or revoking or amending the patent, and publication of the mention of the decision of the Enlarged Board of Appeal on the petition, may without payment continue such use in the course of his business or for the needs thereof.

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