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**Preliminary Draft Convention for a European System for the Grant of Patents
(Articles 43 - 53 and 187 (Text prepared by the Drafting Committee))**

INTER-GOVERNMENTAL CONFERENCE
FOR THE SETTING UP
OF A EUROPEAN SYSTEM
FOR THE GRANT OF PATENTS

Luxembourg, 8 July 1970

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- Secretariat -

WORKING PARTY IV

(Luxembourg, 6-9 July 1970)

PRELIMINARY DRAFT

CONVENTION FOR

A EUROPEAN SYSTEM FOR THE GRANT OF PATENTS

Articles 43 - 53 and 187

(Text prepared by the Drafting Committee)

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Article 43

Budget

(1) Income and expenditure of the European Patent Office shall form the subject of estimates in respect of each financial year and shall be shown in the budget.

(2) The budget shall be balanced as between income and expenditure.

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Article 44

Authorisation for expenditure

(1) The expenditure entered in the budget shall be authorised for the duration of one financial year, unless any provisions to the contrary are contained in the Financial Regulations adopted pursuant to Article 53.

(2) Subject to the conditions to be laid down pursuant to Article 53, any appropriations, other than those relating to staff costs, which are unexpended at the end of the financial year may be carried forward, but not beyond the end of the following financial year.

(3) Appropriations shall be set out under different headings according to type and purpose of the expenditure and subdivided, as far as necessary, in accordance with the Financial Regulations adopted pursuant to Article 53.

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Article 45
Financial year

The financial year shall commence on 1 January and end on 31 December.

Article 45

Draft budget

The President of the European Patent Office shall lay the draft budget before the Administrative Council not later than 30 September of the year preceding that of its implementation.

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Article 47

Adoption of the budget

The budget shall be adopted by the Administrative Council.

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Article 48

Provisional budget

(1) If, at the beginning of the financial year, the budget has not been voted by the Administrative Council, expenditures may be effected on a monthly basis per heading or other division of the budget, according to the provisions of the Financial Regulations adopted pursuant to Article 53, up to one-twelfth of the budget appropriations for the preceding financial year, provided that the appropriations thus made available to the President of the European Patent Office shall not exceed one-twelfth of those provided for in the draft budget.

(2) The Administrative Council may, subject to the observance of the other provisions laid down in the first paragraph, authorise expenditure in excess of one-twelfth of the appropriations.

(3) [in abeyance].

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Article 49

Budget implementation

(1) The President of the European Patent Office shall implement the budget on his own responsibility and within the limits of the allocated appropriations.

(2) Within the budget, the President of the European Patent Office may, subject to the limits and conditions laid down in the Financial Regulations adopted pursuant to Article 53, transfer funds as between the various headings or sub-headings.

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Article 50

Auditing of accounts

(1) The income and expenditure account of the European Patent Office shall be examined by an Audit Board composed of independent auditors of whom one shall be the chairman. The Administrative Council shall fix the number of auditors. The members and the chairman of the Audit Board shall be appointed by the Administrative Council for a period of five years. Their remuneration shall be determined by the Administrative Council.

(2) The audit, which shall be based on vouchers and shall take place, if necessary, in situ, shall ascertain that all income has been received and all expenditure effected in a lawful and proper manner and that the financial management is sound. The Audit Board shall draw up a report after the end of each financial year, the adoption of this report requiring a majority vote of its members.

(3) The President of the European Patent Office shall annually submit to the Administrative Council the accounts of the preceding financial year in respect of the budget, together with the report of the Audit Board. The President shall also communicate to the Administrative Council a balance sheet showing the assets and liabilities of the European Patent Office.

(4) The Administrative Council shall give the President of the European Patent Office a discharge in respect of the implementation of the budget.

Article 51

Accounting and contributing currencies

(1) The budget shall be drawn up in the unit of account fixed in accordance with the provisions of the Financial Regulations adopted pursuant to Article 53.

(2) The financial contributions provided for in Article 42, paragraph 1, shall be made available to the European Patent Office by the Contracting States in accordance with the provisions of the Financial Regulations adopted pursuant to Article 53.

(3) - deleted -

(4) - deleted -

Article 52

Transfer of currency holdings

(1) - deleted -

(2) - deleted -

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Article 53
Financial Regulations

The Financial Regulations shall in particular establish :

(a) the procedure relating to the establishment and implementation of the budget and for the rendering and auditing of accounts ;

(b) the method and procedure whereby the contributions of the Contracting States are to be made available to the European Patent Office ;

(c) the rules concerning the responsibilities of cashiers and accountants and the arrangements for their supervision.

/(d) the scale referred to in Article 42, paragraph 3.7

Article 187

First accounting period of the European Patent Office

(1) The first accounting period of the European Patent Office shall extend from the date of establishment of the Office to 31 December of the same year. If that date falls within the second half of the year, the accounting period shall extend until 31 December of the following year.

(2) The budget for the first accounting period shall be drawn up as soon as possible after the establishment of the European Patent Office. Until contributions due in accordance with the first budget are received by the European Patent Office, the Contracting States shall, when requested by the Administrative Council, make interest-free advances which shall be deducted from their contributions in respect of that budget. The advances shall be determined in accordance with the scale referred to in Article 187A, paragraph 2.

(3) Until such time as the conditions of service for officials and other employees of the European Patent Office provided for under Article 38 have been drawn up, the Administrative Council and the President of the Office, each within their respective powers, shall recruit the necessary staff and shall conclude short-term contracts to that effect.

