

CA/PL 8/00

Orig.: English

Munich, 13.03.2000

SUBJECT: Revision of the EPC: Articles 51 and 126 EPC

DRAWN UP BY: President of the European Patent Office

ADDRESSEES: Committee on Patent Law (for opinion)

SUMMARY

This document proposes to streamline the EPC specifically with respect to the fee system it contains, thereby increasing the flexibility of the Convention regarding fees and improving the coherence of the fee system.

I. INTRODUCTION

1. In Part IV.B of document CA/16/98, it was proposed to streamline the EPC and this approach was approved in principle by the Administrative Council (See CA/110/99, no. 28). The present document applies this exercise specifically to the fee system contained in the EPC. This overhaul is necessary in order to increase the flexibility of the EPC on this point. Moreover, it also affords a unique opportunity to render the fee system more coherent and transparent.

II. NEED FOR INCREASED FLEXIBILITY

2. As illustrated by the two fee reforms undertaken by the EPO within the past three years, provisions relating to fees are subject by their very nature to change more or less frequently. As such, according to modern principles of legislative drafting, they constitute subject-matter more appropriately confined to the realm of secondary legislation.
3. At present, pursuant to Art. 33(1)(a) EPC, the Administrative Council is only competent to change the time limits laid down in the EPC itself, the relevant provisions governing fees contained in the Implementing Regulations (Art. 33 (1)(b) EPC) as well as fee amounts as set down in the Rules relating to Fees (Art. 33(2)(d) EPC). This signifies that at present, the Administrative Council could not, for instance, eliminate or consolidate existing fees, which considerably restricts its powers to alter or restructure the fee system. In order to effect such changes, a revision of the EPC would be necessary.
4. Given the prospective rise in the number of EPC Contracting States in the near future as well as the accelerated rate of developments occurring in various international arenas, it is necessary to inject a maximum amount of flexibility into the EPC in order to enable the Administrative Council to respond swiftly and simply to needs for change.

III. LACK OF COHERENCE OF THE PRESENT FEE SYSTEM

5. The current provisions governing fees in the EPC are not arranged in an entirely coherent manner, which detracts from the transparency of the present fee system. Some fees are provided for in the Convention, with their time limits and the legal consequences for failure to pay in a timely manner in the Convention itself: the filing and search fees (Art. 78(2) EPC), the designation fee (Art. 79(2) EPC), the renewal fee (Art. 86 EPC), the examination fee (Art. 94(2) EPC), the opposition fee (Art. 99(1) EPC), the appeal fee (Art. 108 EPC), the further processing fee (Art. 121(2) EPC), the fee for re-establishment of rights (Art. 122(3)EPC) and the fee for conversion of rights (Art. 136 EPC).
6. Other procedural fees are mentioned in the Convention along with the legal consequences of failure to pay in due time, but the time limits to which they are subjected are laid down in the Implementing Regulations. This is the case for the fees payable upon filing of a new application under Art. 61(3) EPC (time limits in Rule 15(2) EPC) and of a divisional application under Art. 76(3) EPC (time limits in Rule 25(2) EPC), as well as the fees for grant and printing (Art. 97(2)(b) EPC; time limit to be set by the examining division pursuant to the provisions of Rule 51(6) EPC) and the fee for printing a new specification after an opposition (Art. 102(3)(b) EPC, time limit in Rule 58(5) EPC).
7. Yet again, some procedural fees appear exclusively in the Implementing Regulations, along with their time limits and the legal consequences of failure to pay in due time, such as the fee for awarding of costs (Rule 63(3) EPC), the claims fee which is due for every claim over and above the tenth claim (Rule 31 EPC), and the fee for conservation of evidence (Rule 75(3) EPC).
8. Perhaps the only consistent element in the system is that fee amounts are contained in the Rules relating to Fees. Therefore, it is argued that a more systematic approach to the laying down of the rules governing fees under the EPC would be eminently desirable.
9. Finally, Art. 126 EPC governing the termination of financial obligations both in terms of fees owed to the Organisation, or rights to refunds against the Organisation, is somewhat oddly included in the common provisions governing procedure, although its content appears to be better suited to the Rules relating to Fees.

IV. PROPOSED CHANGES

A. INSERTION OF A GENERAL ENABLING CLAUSE TO LEVY FEES/ STREAMLINING OF THE EPC

10. Consequently, it is proposed that an umbrella clause be inserted into Art. 51 EPC, rebaptised "Fees", enabling the EPO to levy fees pursuant to the Implementing Regulations and the Rules relating to Fees. The elements which would be found in the Implementing Regulations would be specifically listed: nature of the fee, time limits and legal consequences of failure to pay in due time. Fee amounts would remain in the Rules relating to Fees.
11. The EPC could then be streamlined by removing from the corpus of the Convention any references to fees or any element listed above, in order to insert these details in the Implementing Regulations. They could then be amended as needed by a decision of the Administrative Council taken by the majority prescribed in Art. 35(2) EPC, which is 3/4 of the Contracting States represented and voting.
12. Given that there are 16 fees currently mentioned in the EPC which would be transferred to the Implementing Regulations,⁽¹⁾ it is argued that inserting in each affected provision a general reference to the payment of fees "as prescribed by the Rules" would weigh down the drafting style of the Convention considerably. Therefore, it is proposed that such references be omitted, as the general enabling clause contained in Art. 51 EPC would be sufficient to guarantee the transparency of the proposed system.
13. As far as the time limits for the payment of a prescribed fee and the legal consequences of failure to pay a fee in due time are concerned, it is entirely appropriate to include such detailed provisions in the Implementing Regulations.

(1) Aside from the provisions mentioned in paragraphs 5 and 6 of this document, the fees pertaining to Euro-PCT applications mentioned in Arts. 152(3), 157(2)(b) and 158(2) EPC would be included in this streamlining exercise. See CA/PL 21/00. Account is taken here of the proposed suppression of appeals to the Boards of Appeal in protest cases which has already been approved in principle by this Committee and would result in the striking of Arts. 154(3) and 155(3) EPC. See CA/PL 14/98.

B. MOVE ART. 126 EPC TO THE RULES RELATING TO FEES

14. Finally, Art. 126 EPC should be deleted and its substance moved to the Rules relating to Fees. The preparatory documents to the EPC show that initially, current Art. 126 EPC began as a provision in the draft Implementing Regulations, together with the content of Rule 91 EPC, which allows the President to waive enforced recovery procedures.⁽²⁾ The historical materials expressly state that in practice, the scope of application of Art. 126 EPC was expected to be confined to those fees laid down by the President of the Office in accordance with Art. 3 RRF.⁽³⁾ In particular, Art. 126 EPC does not apply to payments by Contracting States in respect of renewal fees for European patents under Art. 39 EPC. Therefore, it is appropriate to move Art. 126 EPC (along with Rule 91 EPC) to the Rules relating to Fees.
15. In the following section, the proposed amendments to Art. 51 EPC are shown. However, the consequential amendments to provisions concerning fees throughout the EPC entailed by this proposal shall be contained in further CA/PL documents which shall encompass all the streamlining proposals, whether relative to fees or of another nature.

(2) See: *First Preliminary Draft of the Implementing Regulations to the Convention establishing a European System for the Grant of Patents*, 1971, p. 256, No. 10 re: Article 145.

(3) The reason is that procedural fees prescribed under the EPC are generally due before the Office performs the act for which the fee is charged. The sanction for failure to pay is generally either total or partial loss of rights. At any rate, if the procedural act is not performed, the fee ceases to be due to the Office. See *Bericht über die Sitzung der Arbeitsgruppe I, 14-17 September 1971 in Luxemburg*, BR/132 d/71, p. 25.

IV. PROPOSED AMENDMENTS

Present wording

Article 51

Rules relating to Fees

The Rules relating to Fees shall determine in particular the amounts of the fees and the ways in which they are to be paid.

Article 126

Termination of financial obligations

(1) Rights of the Organisation to the payment of a fee to the European Patent Office shall be extinguished after four years from the end of the calendar year in which the fee fell due.

(2) Rights against the Organisation for the refunding by the European Patent Office of fees or sums of money paid in excess of a fee shall be extinguished after four years from the end of the calendar year in which the right arose.

Proposed wording

Article 51

Fees

(1) The European Patent Office shall levy fees for any official task or procedure carried out under this Convention.

(2) The Implementing Regulations shall determine the procedural and administrative fees to be paid, the time limits for their payment and the consequences of failure to pay in due time.

(3) The Rules relating to Fees shall determine in particular the amounts of the fees and the ways in which they are to be paid.

Delete - Move substance to the Rules relating to fees.

(3) The period laid down in paragraphs 1 and 2 shall be interrupted in the case covered by paragraph 1 by a request for payment of the fee and in the case covered by paragraph 2 by a reasoned claim in writing. On interruption it shall begin again immediately and shall end at the latest six years after the end of the year in which it originally began, unless, in the meantime, judicial proceedings to enforce the right have begun; in this case the period shall end at the earliest one year after the judgment enters into force.
