

**CA/PL 17/99**

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SUBJECT: Revision of the EPC: Article 54(4) EPC

DRAWN UP BY: European Patent Office

ADDRESSEES: Committee on Patent Law (for opinion)

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#### SUMMARY

This document contains a proposal for the revision of Art. 54 EPC based on a suggestion from UNICE to the effect that Art. 54(4) EPC should be deleted, so as to make the content of European patent applications under Art. 54(3) EPC part of the prior art for all contracting states, thus bypassing the practical problems which surfaced in the wake of the 1997 fee reform and led to the adoption of Rule 23a EPC.

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## **I. INTRODUCTION**

1. Article 54(3) EPC contains a legal fiction through which European patent applications which have an earlier filing or priority date than the filing or priority date of a second European patent application, and which are published under Art. 93 EPC on or after the filing date of that second application, are considered to form part of the state of the art for the purpose of evaluating the novelty of this second patent application.
2. The purpose of this provision is to include European prior rights into the state of the art in order to preclude double patenting. Thus, the principle of Art. 54(3) EPC is tempered by Art. 54(4) EPC which confines the effect of Art. 54(3) EPC to those contracting states designated in the earlier application which are also designated in the second application. If the earlier application does not designate a given contracting state, a patent issuing on a later European application in that particular state will not result in a collision of rights.

## **II. CHANGES IN PRACTICE AFFECTING THE APPLICATION OF ART. 54(4) EPC**

3. Originally, contracting states for which protection was sought were designated upon filing the European application. Designation fees under Art. 79(2) EPC, as it then read, were payable within 12 months of the date of filing of the application or within 13 months of the priority date, if priority had been claimed. Thus, designations were confirmed prior to the publication of the European application, rendering the Art. 54(3) prior art ascertainable for each contracting state at the time of publication of the second application.
4. The fee reform of 1997 had a considerable practical impact on the application of Art. 54(4) EPC. From then on, applications as filed designated all contracting states and by virtue of the amended Art. 79(2) EPC, designation fees became payable within 6 months of the mention of the publication of the European search report. Since at the date of publication of the application, the designation fees would not yet have been paid, this raised the important issue of which conditions had to be fulfilled for an application to validly designate a contracting state and therefore enter the Art. 54(3) prior art pursuant to Art. 54(4) EPC.
5. This was resolved by the adoption of Rule 23a EPC, which sets forth that a European patent application becomes part of the state of the art under Art. 54(4) EPC for a given contracting state only when the designation fee has been validly paid.

However, because of the extended time period for payment of designation fees, the practical effect of Rule 23a EPC is to postpone the time at which the Art. 54(3) prior art can be ascertained by at least 6 months from the publication of the application, depending on the actual date of publication of the search report. This causes logistical problems, particularly in cases of accelerated prosecution, as an application may be ready for grant before it is possible to perform a complete top-up search including the relevant Art. 54(3) prior art.

6. Pursuant to the fee reform of 1999, a ceiling for the payment of designation fees has been introduced for applications filed on or after 1 July 1999, whereby upon payment of 7 designation fees, all 19 contracting states are deemed to be validly designated and paid for. This measure will presumably result in an unprecedented number of applicants validly designating all EPC contracting states in order to be able to delay the selection of those states in which protection is actually sought until after grant. It may be assumed that in the future, an overwhelming majority if not all Euro-direct and Euro-PCT applications will designate all contracting states, particularly once the enlargement of the organisation comes to pass. This, in turn, will significantly reduce the number of cases in which Art. 54(4) EPC will bring advantages to the applicant.
7. In conclusion, in practical terms, Art. 54(4) EPC appears to have lost its *raison d'être*. As a consequence of the fee reform of 1997, Art. 54(4) EPC creates serious practical problems and prolonged insecurity with regard to the determination of the Art. 54(3) prior art, and is likely to bring diminishing returns for applicants as a result of the fee reform of 1999. Finally, in light of the development of the internal market, independently of the creation of a Community patent, the European patent should be considered as a unitary title for prior art purposes.

### **III. PROPOSAL**

8. Therefore, it is proposed that Art. 54(4) EPC be deleted. This would have the effect that any European application filed prior to a later application and published on or after the latter's filing or priority date, would constitute prior art with regard to this later application with effect for all the contracting states of the EPC, thus creating a unitary Art. 54(3) prior art for the purpose of examining the novelty of European patent applications. This would in turn ensure that the relevant Art. 54(3) prior art applying to a given European application would become ascertainable at the time of its publication, *ie* as it did prior to the fee reform of 1997, thus eliminating the problems which gave rise to the adoption of Rule 23a EPC and enhancing legal certainty. Accordingly, Rule 87 EPC would have to be amended and Rule 23a EPC would have to be deleted.
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