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D E C I S I O N
of 4 July 1997

Case Number: J 0022/95 - 3.1.1

Application Number: 94120537.9

Publication Number: 0644068

IPC: B44C 5/04

Language of the proceedings: EN

Title of invention:
Method of decorating a panel

Applicant:
Aumac Limited

Headword:
Designation of Contracting States in divisional
application/AUMAC

Relevant legal provisions:
EPC Art. 64, 65, 67(4), 76(1)(2)(3), 78(2), 79(2), 80, 91(4),
112, 122(5)
EPC R. 15(2), 25(3), 85a(1), 104c(2)

Keyword:
"Designation in divisional application of Contracting State not
effectively designated in parent application - no"

Decisions cited:
G 0005/83, J 0015/86

Headnote:
There is no right to designate in a divisional application a
Contracting State which was originally designated in the parent
application at the time of filing, whether or not the original
designation was subsequently validated by payment of the
respective fee. A designation is not effective unless the
designation fee is paid with respect thereto. Failure to pay
the fee means that the initial designation of a Contracting
State in an application is of no legal effect and is deemed
never to have taken place.



Case Number: J 0022/95 - 3.1.1

D E C I S I O N
of the Legal Board of Appeal 3.1.1
of 4 July 1997

Appellant: Aumac Llimited
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Decision under appeal: Decision of the Receiving Section of the European Patent Office posted on 3 April 1995 refusing European patent application No. 94 120 537.9 pursuant to Article 97(1) EPC.

Composition of the Board:

Chairman: J.-C. Saisset
Members: G. Davies
S. C. Perryman

Summary of Facts and Submissions

- I. European patent application No. 94 120 537.9 was filed on behalf of the appellant on 23 December 1994. The application was divided from European patent application No. 91 310 023.6 and is therefore a divisional application. In the divisional application, the appellant designated the following thirteen Contracting States: Austria, Belgium, Switzerland/Liechtenstein, Germany, Denmark, Spain, France, Great Britain, Greece, Italy, Luxembourg, Netherlands, Spain. Together with the application, the filing fee, search fee, designation fees for the thirteen States mentioned and the third and fourth renewal fees were all paid. The application satisfied all formal requirements and has been accorded the status of a divisional application.
- II. The parent application, which was filed on 30 October 1991, originally designated all the thirteen Contracting States mentioned in I, above. However, designation fees were paid only for Germany, Italy and Spain. With effect from 1 December 1991, therefore, the designations of Austria, Belgium, Switzerland/Liechtenstein, Denmark, France, Great Britain, Greece, Luxembourg, Netherlands and Sweden were deemed withdrawn due to non-payment of the designation fees and the parent application was thereafter prosecuted with respect to the following validly designated Contracting States only: Germany, Italy and Spain. Consequently, at the time of filing the divisional application on 23 December 1994, only the Contracting States of Germany, Italy and Spain were effectively designated in the parent application.

- III. By decision posted on 3 April 1995, the Receiving Section decided that the divisional application would proceed only for the designated Contracting States of Germany, Italy and Spain and that the designations of the other Contracting States were deemed withdrawn, on the ground that, according to Article 76(2) EPC, a "European divisional application shall not designate Contracting States which were not designated in the earlier application". According to the decision, the designated Contracting States must still be effectively designated in the parent (earlier) application when the divisional application is filed (cf. Guidelines for Examination in the European Patent Office", Part A, Chapter IV, paragraph 1.3.4). This was not the case here because a prerequisite for the designation of a Contracting State is that the designation fee is validly paid (Article 79(2) EPC).
- IV. A notice of appeal against the decision of the Receiving Section was filed on 13 June 1995 and the appeal fee paid the same day. A statement of grounds of appeal was filed on 14 August 1995 in due time.
- V. On 6 February 1997, the Board sent the appellant a communication pursuant to Article 11(2) of the Rules of Procedure of the Boards of Appeal in which it expressed the preliminary view that the appeal was likely to be dismissed and the decision of the first instance upheld.
- VI. Oral proceedings were held on 4 July 1997.

VII. In the statement of grounds of appeal and at the oral proceedings the appellant essentially argued as follows:

Article 76(2) EPC unequivocally confers on a divisional applicant the right to designate any country which was, at any time, designated in the parent application.

"Designation" means designation *simpliciter*. The acts of designation and designation fee payment are distinct and separate acts. The former produces a legal effect independently of the latter, even though ultimately conditional upon it with the passage of time. Thus, the abandonment of a designation in a parent application prior to division leaves unimpaired the right to include that designation in any divisional. The appellant also disputed the explanation of the meaning of Article 76(2) given in the Guidelines for Examination at the EPO (A IV 1.3.4.), which is in line with the grounds for the appealed decision, alleging that the Guidelines are *ultra vires* on this point, having no foundation in the case law of the Boards of Appeal or elsewhere in the EPC.

In support of these arguments, the appellant invoked the rules of the Vienna Convention on the Interpretation of Treaties. It was submitted that it is a fundamental rule of interpretation in the Contracting States that words must be given their ordinary meaning and that the ordinary meaning of Article 76(2) leads unequivocally to an interpretation under which designation *simpliciter* of a State in a parent application gives rise to a right to designate that same State in a divisional application which complies with Article 76(1). Moreover, Article 76(2) was expressed as an exception and exceptions had to be construed narrowly.

It was also submitted that EPO Legal Advice No. 7 (OJ EPO 1980, 395) distinguished between "designation" of a Contracting State and "payment" of designation fees, identifying them as two separate acts. Thus, it followed that designation is to be understood as an act distinct from designation validated by payment of the fee, so that the act of designation alone should be considered as having a legal effect *per se*. The legal effect of such an act is that a State becomes designated regardless of whether payment of the designation fee has taken place. Whether or not States "were" designated pursuant to Article 76(2) was therefore a historical fact based on the legal effect of the mere act of designation. Failure to pay the designation fee did not operate *ab initio* in such a way that the historical fact that the designations "were" made is considered never to have taken place.

This conclusion also followed from the fact that Article 76(1) provided for the divisional application to benefit from the filing date of the earlier parent application. In the appellant's view, this can only be construed as meaning that this is the legal effect for all purposes, *ie* the divisional application is entitled to enjoy all the attributes and benefits the parent application enjoyed on the same date, including the possibility of designating any one or more of the States designated in the parent application on its filing date.

The appellant further disputed the relevance of Article 91(4) EPC, which provides that, where the designation fee has not been paid in due time in respect of any designated State, the designation of that State shall be deemed withdrawn, suggesting that Article 91(4) was irrelevant because Article 76 legislates for the filing of divisional applications and paragraph (2) thereof allows designation of a State

in a divisional even though the designation of those States has been abandoned in the parent application. Moreover, in any event, Article 91(4) did not operate to make the designation of a Contracting State in an application void *ab initio*; it only provided for the designation to be withdrawn.

The appellant contested the argument of the Board, put forward in its communication of 6 February 1997, that, according to Article 67(4) EPC, when a designation of a Contracting State is withdrawn or deemed to be withdrawn, the European patent application shall be deemed never to have had the provisional protection of the rights conferred after publication by Article 64 in the Contracting State in question and that such a designation had to be considered as void *ab initio*. In this connection, the appellant argued that under the EPC there were many instances in which an application or other procedural act could be withdrawn or deemed withdrawn and in these cases the withdrawal did not have effect *ab initio*. The legal effect of withdrawal must be the same in all cases under the EPC.

Article 67(4) was specific to the external legal effects of the European patent application. Had it been the intention of the EPC legislator that Article 91(4) be interpreted as meaning the designation became void *ab initio*, it would have specifically said so, as had been done in Article 65, where provision is made for a European patent to be deemed void *ab initio* in a Contracting State.

The language of Article 78(2) (A European patent application *shall be subject to* the payment of the filing fee...) and Article 79(2) (The designation of a Contracting State *shall be subject to* the payment of a designation fee...) must be construed as having the same meaning. Since failure to pay eg a filing fee does

not produce *ab initio* loss of a filing date established under Article 80, failure to pay a designation fee cannot result in *ab initio* loss of a designation.

The Board's attention was also drawn to the fact that a UK patent corresponding to the divisional had been in force and continued in force until after the filing of the divisional at the European Patent Office, the UK patent not being revoked until 13 January 1995.

Therefore as regards the UK there was at all times a patent or patent application in existence so that third parties would at all times have been aware that they might be precluded by such rights from exploiting the invention in the UK and the public interest would therefore not be harmed by reinstating the designation of Great Britain. If the Board had a discretion to allow designation of the UK in the European divisional, it should be exercised in favour of the appellant, as no third party could claim that it had considered itself free to use the invention because of reliance on the absence of a valid designation of Great Britain in the parent European application.

The appellant also argued that there had been no active or express withdrawal of any designation from the parent application.

VIII. At the conclusion of the oral proceedings, the appellant put forward the following requests:

(1) Main Request

The decision of the Receiving Section to be set aside and the divisional application to be permitted to proceed for all the Contracting States originally designated in the parent application on filing.

(2) First Auxiliary Request

The decision of the Receiving Section to be set aside and the divisional application to be permitted to proceed for the following designated States: Germany, Great Britain, Italy, Spain.

(3) Second Auxiliary request

Referral to the Enlarged Board of the following questions:

"(i) Does the word "withdrawn" have the same meaning in Article 90(3) EPC, Article 91(4) EPC and Rule 104c(2) EPC?

(ii) Does the meaning in Article 91(4) coincide with "withdrawn (or deemed withdrawn) *ab initio*".

(iii) Does "were" in Article 76(2) mean that whether States "were" designated in the parent is to be judged at the common filing date of the parent and divisional or on the day the divisional application papers are actually lodged.

(iv) In any event, is Article 76(2) contravened by filing a divisional application designating UK when (i) UK was designated originally in the parent and (ii) no designation fee for UK was paid on the parent in due time and (iii) the divisional was filed (in the sense of date of lodging documents in the EPO) after the deadline for paying that designation fee and (iv) from a time preceding the filing of the parent and extending after the divisional date of filing (in the above sense) a UK patent application was extant."

Reasons for the Decision

1. The appeal is admissible.
2. *On the subject of the validity of the 13 designations*
 - 2.1 The appellant essentially argues that the correct interpretation of Article 76(2) is that it confers the right to designate in a divisional application any country which was originally designated in the parent application at the time of filing, whether or not the original designation was subsequently validated by payment of the respective fee. It is, therefore, first necessary to consider the meaning of Article 76(2) in the context of the EPC as a whole.

Article 76(2) provides:

"The European divisional application shall not designate Contracting States which were not designated in the earlier application."

Article 76(3) provides that the time limit for paying the designation fees are laid down in the Implementing Regulations (relevant Rules are Rule 15(2) (deadlines for paying designation fees), Rule 25(3) (deadlines for paying designation fees in respect of divisional applications), Rule 85a (period of grace for payment of designation fees with surcharge) and Rule 104c (consequence of non-payment of designation fees).

Article 79(2) provides:

"The designation of a Contracting State shall be subject to the payment of the designation fee. The designation fee shall be paid within twelve months after filing the European patent application or, if

priority has been claimed, after the date of priority; in the latter case, payment may still be made up to the expiry of the period specified in Article 78, paragraph 2, if that period expires later."

This latter date is one month after the filing of the application.

Reestablishment of rights is excluded in respect of these time limits under Article 122(5) (G 3/91 EPO OJ 1993, 8).

2.2 Article 91(4) EPC is also relevant and provides that, "where the designation fee has not been paid in due time in respect of any designated State, the designation of that State shall be deemed to be withdrawn." Rule 104c(2) further states that the designation of any Contracting State in respect of which the designation fee has not been paid in due time shall be deemed to be withdrawn.

2.3 In the view of the Board, the above provisions of the Convention taken together clearly mean that a designation is not effective unless the designation fee is paid with respect thereto. The first sentence of Article 79(2) makes this absolutely clear when it states that "The designation of a Contracting State **shall be subject to** the payment of the designation fee". Thus, the designation is dependent on the payment of the fee.

Failure to pay the fee means, therefore, that the initial designation of a Contracting State in an application is of no legal effect and is deemed to have

never taken place. This interpretation of the above provisions is confirmed by Article 67 EPC, which deals with the rights conferred by a European patent application after publication. According to Article 67(4):

"The European patent application shall be deemed never to have had the effects set out in paragraphs 1 and 2 above when it has been withdrawn, deemed to be withdrawn or finally refused. The same shall apply in respect of the effects of the European patent application in a Contracting State **the designation of which is withdrawn or deemed to be withdrawn.**"

The effect of Article 67(4) is that, if a designation is withdrawn for failure to pay the designation fee, the application is deemed never to have benefited from any protection in the Contracting State in question. The sole purpose of designation of Contracting States is to obtain the protection provided for in Articles 64 and 67 EPC in those States. When a designation is withdrawn it is considered never to have had the effects provided for by those two Articles of the EPC. The designation is therefore considered never to have existed.

- 2.4 The argument of the appellant that the term "withdrawn" in other contexts does not have the same effect is not convincing. The terms "withdrawn" and "deemed withdrawn" in the context of the designation of Contracting States are given a specific meaning by Article 67(4), which excludes any other interpretation. Likewise, Article 67(4) provides that a European patent application shall be deemed never to have had the effects provided for in Article 64 and 67 EPC in Contracting States designated in the application when it has been withdrawn, deemed to be withdrawn or

finally refused. Thus, so far as a designated Contracting State is concerned, the effects of failure to pay a filing fee under Article 78(2) and failure to pay a designation fee under Article 79(2) are the same. The European patent application in question in both cases is considered never to have benefited from any rights whatever, filing date included, in the Contracting State concerned.

2.5 The appellant suggested that EPO Legal Advice No. 7, *supra*, identified designation and payment of designation fees as two separate acts and that therefore the act of designation alone should be considered as having a legal effect *per se*. The document in question concerned designation of all Contracting States as a precautionary measure in the request for grant of a European patent; there is nothing in that document to support the view taken by the appellant. It makes it perfectly clear that, when a State is designated as a precautionary measure, the right of the applicant to extend the desired territorial effect of the application subsists only up to the expiry of the period for paying the designation fees in accordance with Article 79(2) EPC and Rule 85a(1) EPC. It further states that the designation of any Contracting State in respect of which the applicant has not paid the designation fee is deemed to be withdrawn (cf paragraphs 3 and 5 of Legal Advice No. 7, *supra*).

2.6 The Board's interpretation of Article 76(2) is supported by Singer, in *Europäisches Patentübereinkommen*, Article 76, para. 5 (page 239); (see also "Singer: the European Patent Convention", edited by Lunzer, para. 76.05 (page 295) and by the Guidelines for Examination in the EPO (A.IV.1.3.4). According to Singer and Lunzer: " A divisional application may not designate any Contracting State

other than those which were designated in the earlier application...The designation in the earlier application must be an effective designation; ie the fees provided for under Article 79(2) must have been paid. As a divisional application can logically only be based on an existing earlier application, plainly the designation in the earlier application must exist at the relevant time, and not have been withdrawn before the filing of the divisional application."

On this issue, the Board agrees also with the statement in the Guidelines for Examination in the EPO referred to above which state:

"The divisional application must not designate Contracting States which were not designated in the parent application. The designated States must still be effectively designated in the parent application when the divisional application is filed."

3. As regards the further allegation of the appellant that there was no active withdrawal of the designations in the parent application, the Board finds that this is not in accordance with the facts. The appellant specifically stated in its letter of 14 January 1992 that it wanted to designate only Germany, Italy and Spain. In that letter they also referred to the fact that they were aware that any additional fees would have to be paid by a certain date. They were therefore fully conscious of the fact that, if such fees were not paid, the designations would be deemed withdrawn. The Board takes the view that this amounts to active withdrawal not, as alleged, passive abandonment (cf. J 15/86, which is clearly distinguishable from this case on the facts).
4. As regards the public interest, the appellant withdrew the designations in the parent application of all Contracting States other than Germany, Italy and Spain

by letter dated 10 March 1992. Thereafter, any member of the public inspecting the file or the official EPO Register would have learnt that only those three Contracting States had been designated in respect of the parent application and, on the basis of Article 76(2), were entitled to assume that the same would apply in the case of the present divisional application. If third parties could not rely on such information as a basis on which to take commercial decisions, great uncertainty in the European patent system would be created and the public interest damaged. In the view of the Board, therefore, to interpret Article 76(2) as meaning that, during the prosecution of a divisional application, the applicant could add designations of Contracting States which were not effectively designated in the parent application, would be contrary to both the letter and spirit of the EPC and the public interest.

5. As explained by the Enlarged Board in decision G 0005/83 (EPO OJ 1985, 63 points 4 and 5) the Vienna Convention is not directly applicable to the European Patent Convention, but its principles can be referred to as they embody recognized international practice. So far as concerns interpretation of the EPC, the effect can in particular be summarized by the two following rules:

- (1) The treaty must be interpreted in good faith;
- (2) Unless it is established that the Contracting States intended that a special meaning should be given to a term, the terms of the treaty shall be given their ordinary meaning in their context and in the light of the object and purpose of the EPC.

The Board does not consider the meaning of Article 76(2) contended for by the appellant to be consistent with either of these rules. That the mere filing of a divisional application should resurrect

rights in Contracting States, in relation to which all rights under the parent application had been lost long since, seems to the Board a startling proposition quite inconsistent with interpretation in good faith and in the light of the context of the provision. Before an exception can be interpreted narrowly, there must be both a broad and a narrow interpretation equally consistent with the purpose in context of the exception. Here the narrow interpretation argued for by the appellant is not consistent with the context.

6. *On the subject of discretion*

6.1 As regards the suggestion that the Board should exercise discretion in favour of the appellant to allow designation of Great Britain, the Board here sees no discretion to allow designation of Great Britain, so that the question whether this should be exercised in favour of the appellant does not arise. Moreover, in view of the arguments developed by the Board in points 2 to 5, above, the Board finds that, even if it had such a discretion, there would be no reason whatsoever to make an exception with regard to Great Britain by treating it differently from the other States for which the designation fees were not paid.

7. *On the subject of referral of certain questions to the Enlarged Board*

7.1 Article 112 provides for referral of questions to the Enlarged Board by a Board of Appeal either of its own motion or following a request from a party to the appeal if it considers that a decision is required to ensure uniform application of the law, or if an important point of law arises.

7.2 There are no conflicting decisions relevant to this case requiring a decision of the Enlarged Board to ensure uniform application of the law. In the opinion of the Board, moreover, the law is quite clear on the questions raised (see points 2 to 6, above, of the reasons for this decision) and there is therefore no need to refer them to the Enlarged Board.

Order

For these reasons it is decided that:

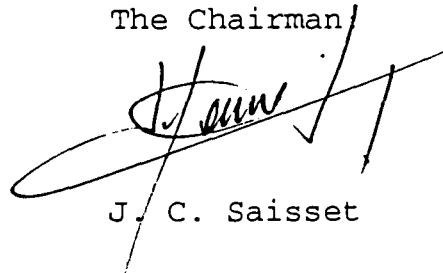
1. The request for referral to the Enlarged Board of the four questions submitted at the oral proceedings on 4 July 1997 is refused.
2. The appeal is dismissed.

The Registrar:



M. Beer

The Chairman



J. C. Saisset

Handwritten notes:
Saisset
/ / P



Europäisches
Patentamt

European
Patent Office

Office européen
des brevets

Beschwerdekammern

Boards of Appeal

Chambres de recours

Case Number: J 0022/95 - 3.1.1

DECISION
of 6 May 1998 correcting an error in the
decision of the Legal Board of Appeal 3.1.1
of 4 July 1997

Appellant:

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Representative:

Lawrence, Malcolm Graham
Hepworth, Lawrence, Bryer & Bizley
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Essex CM16 5DQ (GB)

Decision under appeal:

Decision of the Receiving Section of the European
Patent Office posted on 3 April 1995 refusing
European patent application No. 94 120 537.9
pursuant to Article 97(1) EPC.

Composition of the Board:

Chairman: J.-C. Saisset
Members: G. Davies
S. C. Perryman

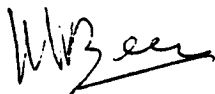
In application of Rule 89 EPC the front page of the decision in the appeal case J 22/95 - 3.1.1 is corrected in that:

(1) The reference to the decision under appeal reads:

"Decision of the Receiving Section of the European Patent Office posted on 3 April 1995 stating that the European patent application No. 94 120 537.9 will proceed only for the designated Contracting States of Germany, Italy and Spain and that the designations of other Contracting States were deemed withdrawn."

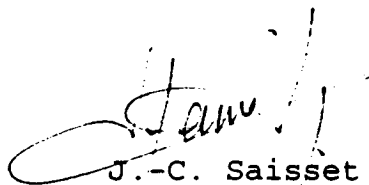
(2) Page 1 "Summary of Facts and Submissions", in line 10, the word "Spain" is replaced by the word "Sweden".

The Registrar:



M. Beer

The Chairman:



J.-C. Saisset