

**Enlarged Board of Appeal EPO, 27 November 2000,  
Designation fees**



**PATENT LAW**

**Effect of late payment designation fee**

- **Without prejudice to Article 67(4) EPC, the designation of a Contracting State party to the EPC in a European patent application does not retroactively lose its legal effect and is not deemed never to have taken place if the relevant designation fee has not been paid within the applicable time limit.**

4. It follows from what has been said that there is no support under the European patent system for the view that failure to pay designation fees in due time has the effect that the designations disappear retroactively as if they had never existed. On the contrary, the wording and the system clearly indicate that up to the due date for payment of the designation fees, the designations deploy their full effects. Only if the designation fees are not paid in due time, will the designations not have any effect with respect to acts to be performed after that date, such as the filing of a divisional application. Retroactivity of the effects of non-payment of designation fees occurs only where the EPC explicitly provides for it, ie in the case of provisional protection (Article 67(4) EPC). This result, which is in line with J 25/88 (supra, point 1.1) and the practice of the EPO, is confirmed by the statement of the German delegation, which on this point was not contradicted by the other delegations, in the travaux préparatoires: "Um jedoch beurteilen zu können, ob er" (the applicant) "seine Benennung für ein bestimmtes Land aufrechterhalten soll oder nicht, brauche er die Benennungsgebühr erst bis zum Ablauf von 12 Monaten zu entrichten" (Report on the 11th meeting of the Working Party I, Luxembourg, 28 February to 3 March 1972, BR/177/72, point 31). As the President points out in his referral, the term "aufrechterhalten", in English meaning "to maintain" or "to uphold" (Romain, Wörterbuch der Rechts- und Wirtschaftssprache, München, 1994) indeed points towards the intention that a designation for which no fee is paid, does not simply disappear as if it had never happened, but rather that it loses effect for the future only. The same view is taken in the legal literature (Strebel, Münchner Gemeinschaftskommentar, Article 91, point 141; Bossung, Münchner Gemeinschaftskommentar, Article 79, point 178).

**Deemed withdrawal designation of a Contracting State**

- **The deemed withdrawal of the designation of a Contracting State provided for in Article 91(4) EPC takes effect upon expiry of the time limits mentioned in Article 79(2), Rules 15(2), 25(2) and 107(1) EPC, as applicable, and not upon expiry of the period of grace provided by Rule 85a EPC.**

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**Enlarged Board of Appeal EPO, 27 November 2000**  
(P. Messerli, C. Andries, M. Aúz Castro, W. Moser, J.-P. Seitz, R. Teschemacher, P. van den Berg)

**O P I N I O N**

of the Enlarged Board of Appeal  
of 27 November 2000

in relation to a point of law referred by the President of the European Patent Office pursuant to Article 112(1)(b) EPC

[...]

Case Number: G 0004/98

Headword: Designation fees

**Summary of Facts and Submissions**

I. Pursuant to Article 112(1)(b) of the European Patent Convention (EPC), on 5 October 1998 the President of the European Patent Office (EPO) referred the following points of law to the Enlarged Board of Appeal:

"1.a) Is the designation of a contracting state party to the EPC in a European patent application of no legal effect and deemed never to have taken place if the relevant designation fee has not been paid within the applicable time limit?

b) If the answer to a) is in the affirmative, does the fact that no designation fees are paid at all mean that the application loses its date of filing?

c) If the answer to a) is in the affirmative, does the fact that a designation fee in respect of a particular contracting state is not paid mean that the application never had the effect provided for in Article 66 EPC in that state?

d) If the answer to a) is in the affirmative, which states can be designated in a divisional application filed before expiry of the time limit for paying the designation fees in the parent application, and what is the effect on the divisional application if subsequently no designation fees are paid at all in the parent application?

2. If the answer to question 1.a) is negative, as from what date does the deemed withdrawal of the designation of a contracting state provided for in Article 91(4) EPC take effect?"

II. In his letter of referral, the President of the EPO indicates that the Legal Board of Appeal has given conflicting views on the effects of the non-payment of a designation fee in its decisions J 25/88 (OJ EPO 1989, 486) and J 22/95 (OJ EPO 1998, 569), respectively. He submits the following:

(a) In J 25/88, the Legal Board of Appeal stated that "... if the designation fee for a Contracting State is not paid, the designation of that State shall be deemed to be withdrawn (Article 91(1)(e) and (4) EPC) and only

those States remain designated in respect of which the fees have been duly paid" (point 5 of the Reasons). Emphasis is put on the word "remain", which means "to continue to be; to continue to exist; to be left". This statement is in accordance with the present practice of the EPO. According to that practice, the payment of the designation fee is a confirmation of the wish to obtain patent protection in the originally designated state. This means that if the designation fee is not paid by the due date, the loss of rights ensues on expiry of the Article 79(2) EPC time limit or on expiry of the Rule 15(2), Rule 25(2) or Rule 104b(1) (now Rule 107(1)) EPC time limits, as applicable. If a sole designation fee for a Contracting State is not paid by that date, the designation of that state is deemed to be withdrawn *ex nunc*. Reference is made to the Guidelines for Examination in the EPO, A-III, 12.2, 6th paragraph (now 12.5, 2nd paragraph), according to which, if no designation fees are paid at all and thus the application is deemed to be withdrawn, the loss of rights ensues on expiry of the normal period. In that context, the Guidelines mention the decision of the Legal Board of Appeal J 4/86 (OJ EPO 1988, 119), which applies *mutatis mutandis*. In this decision, the Board held that the loss of rights due to the deemed withdrawal of an application for failure to file a request for examination takes effect upon expiry of the normal period to file the request (point 4 of the Reasons). In more general terms, in Opinion G 1/90 (OJ EPO 1991, 275), the Enlarged Board of Appeal took the view that where the EPC deems an application to be withdrawn, the loss of rights occurs on expiry of the time limit that has not been observed (point 6, first paragraph of the Reasons).

(b) Decision J 22/95 stands in conflict with J 25/88. It concerns a case where the applicant filed a divisional application designating some Contracting States the designation of which was deemed to be withdrawn under Article 91(4) EPC in the parent application prior to the filing of the divisional application. The Legal Board confirms EPO practice in so far as it states that a divisional application may only designate states which are still effectively designated in the parent application. However, it interprets the notion of effective designation in a substantially different way from this practice as confirmed by J 25/88, since it states that a designation is not effective unless the designation fee is paid and that therefore the 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 (point 2.3 of the Reasons). Thus, the deemed withdrawal in Article 91(4) EPC means that a state is deemed never to have been designated if the relevant designation fee is not paid by the due date (the designation is deemed withdrawn *ex tunc*).

(c) The points of law raised are important, since the adoption of an *ex tunc* effect of the deemed withdrawal of designations due to the non-payment of designation fees would raise considerable practical problems. Non-payment of all designation fees would cause, after a very long period, the loss of the date of filing and consequently also the loss of the priority date. If the

designation fee for a particular state is not paid, the effect of Article 66 EPC (equivalence of the European patent application with national filings) would cease with retroactive effect. Furthermore, an unclear situation would arise in the case of a divisional application being filed before the expiry of the time limit for payment of the designation fees for the parent application.

(d) The President of the EPO holds the view that the *ex nunc* effect of non-payment of designation fees is the correct approach. He refers to a sentence in the *travaux préparatoires*, in which the use of the word "aufrechterhalten" is a clear indication for an *ex nunc* effect (Report on the 11th meeting of the Working Party I, Luxembourg, 28 February to 3 March 1972, BR/177/72, point 31). Also, if the legislator had intended the deemed withdrawal of the designation of Contracting States to take effect *ex tunc*, there would have been no reason to include Article 67(4), 2nd sentence EPC, concerning the situation with respect to provisional protection, in the Convention. Finally, if the divisional application were to remain dependent on the later payment of designation fees for the parent application, this would be contrary to the principle that once a divisional application has been validly filed, it becomes a separate application, independent of the parent application.

(e) As to the admissibility of the referral, the requirement of Article 112(1)(b) EPC is fulfilled insofar as J 22/95 is at odds with J 25/88 and also with the generally accepted interpretation of J 4/86, whereby the decisions do not arise from a conscious development of the law. Concerning the fact that the contradictory decisions stem from the same board, namely the Legal Board of Appeal, whereas Article 112(1)(b) EPC mentions the decisions of two Boards of Appeal, the President of the EPO takes the view that a proper interpretation of these terms also covers the case of diverging decisions of one board taken in different compositions, as is the case here.

III. Several statements by third parties pursuant to Article 11b of the Rules of Procedure of the Enlarged Board of Appeal were filed. They hold the view that, in particular with regard to the consequences for the date of filing, the statement in J 22/95 that the designation of a Contracting State in an application is of no legal effect and is deemed never to have taken place if the designation fee is not paid is not correct, since non-payment of all designation fees would result in the retroactive loss of the date of filing.

#### **Reasons for the Opinion**

1. As to the admissibility of the present referral, questions arise with respect to two requirements laid down in Article 112(1)(b) EPC, namely that different decisions were given on a question and that they were given by two Boards of Appeal.

1.1 Compliance with the requirement of different decisions given by the Boards of Appeal is not apparent at first glance. What is apparent is a conflict between on the one hand the general practice of the EPO, which deems the designation of a Contracting State for which the designation fee is not paid to be withdrawn *ex nunc*,

ie with effect from the due date of payment, and J 22/95 on the other, which considers that the effects of a designation in such a case cease *ex tunc* which means that the designation is deemed never to have taken place. A discrepancy between office practice of the EPO and the case law of the Boards of Appeal is not in itself sufficient to justify a referral by the President of the EPO to the Enlarged Board of Appeal, if the practice of the EPO is not warranted by the case law. However, the latter is the case here, since for its practice the EPO relies in particular on the decision of the Legal Board of Appeal J 25/88. This decision concerned the question whether there is a need for an explicit designation of any particular Contracting State. In point 5 of the Reasons, the Board states that "if the designation fee for a Contracting State is not paid, the designation of that State shall be deemed to be withdrawn ... and only those States remain designated in respect of which the fees have been duly paid." In particular the word "remain" gives a clear indication that the Board did not understand the effects of the designation to cease retroactively if the fee was not paid in due time. Yet another decision of the Legal Board of Appeal can be seen as supporting the practice of the Office: In J 4/86 the Board decided that failure to file a request for examination resulted in the application being withdrawn and the loss of rights taking effect upon expiry of the period referred to in Article 94(2) EPC. Since both in the case of non-payment of the designation fee and of the failure to file a request for examination the EPC uses the term "deemed to be withdrawn" to indicate the consequence of such omissions (Articles 91(4) and 94(3) EPC), it was not unreasonable for the Office to rely *mutatis mutandis* on J 4/86 for its practice in the area of designation fees. Taking into account the influence of the two decisions of the Legal Board of Appeal mentioned above, it can therefore be concluded that the requirement of "different decisions" laid down in Article 112(1)(b) EPC is fulfilled.

1.2 In the present case, the conflicting decisions stem from the Legal Board of Appeal, so that the question arises whether the second requirement mentioned in Article 112(1)(b) EPC is met, namely that the different decisions must stem from two Boards of Appeal. In his referral, the President of the EPO argues that this is the case, since the Legal Board of Appeal exists in different compositions and the conflicting decisions were not taken by the same persons. Otherwise, conflicting decisions of the Legal Board of Appeal could never be referred. The same view is held by Lunzer (Singer: *European Patent Convention, revised English Edition* by Raph Lunzer, London 1995, point 112.05). In Singer/Stauder, *Europäisches Patentübereinkommen*, 2. Auflage 2000, Artikel 112 Rn. 30, the decisive fact is considered to be the existence of two different decisions and not whether these decisions have been given by two boards with a different organisational name. As stated at the beginning of Article 112 EPC, one of the purposes of a referral to the Enlarged Board of Appeal is to ensure uniform application of the law. This is par-

ticularly true for the referral by the President of the EPO under Article 112(1)(b) EPC, which is dependent upon the existence of conflicting decisions. If his power of referral were to be defined by a restrictive reading of the term "two Boards of Appeal" based on organisational structure, then no referrals would be possible with respect to the Legal Board of Appeal, which is one organisational unit only. This would unduly restrict the effect of Article 112 EPC, since it is quite clear that conflicting decisions might also occur in cases within the competence of that board, which as an organisational unit comprises all legally qualified members of the Boards of Appeal (with the exception of the legally qualified chairmen of the Technical Boards of Appeal) and which therefore sits in a number of different compositions. In this context, it is noteworthy that the EPC does not define the Legal Board of Appeal as an organisational unit, but only by its composition, which lends additional strength to the argument that different decisions of that board may be the basis of a referral by the President of the EPO, at least if taken in different compositions. As this is the case here, there is no need to discuss whether a referral by the President of the EPO would also be admissible had the Legal Board of Appeal handed down different decisions in the same composition. Likewise, no opinion is to be expressed on the admissibility of a referral, had the present situation arisen not in the Legal Board of Appeal but in one of the Technical Boards of Appeal. Finally, no discussion is necessary on the limitation of the power of referral by the President of the EPO by the power of the Legal Board of Appeal to develop its case law by abandoning former case law (cf. Singer/Stauder, *loc. cit.*). In the present case, there is no evidence at all that this was intended by J 22/95. On the contrary, in point 7.2 of the Reasons, it is stated that there "are no conflicting decisions relevant to this case ...".

1.3 The referral is therefore admissible.

2. Article 91(4) EPC states 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."

Question 1.a) of the referral addresses the main point on which an answer by the Enlarged Board of Appeal is requested, namely whether failure to pay a designation fee means that the designation ceases to deploy any effects for the future, ie after the due date of payment (*ex nunc*), or whether it is deemed never to have taken place and its effects cease retroactively (*ex tunc*).

3. According to J 25/88 and the practice of the EPO, the non-payment of a designation fee does not result in a designation ceasing to exist retroactively. Such a designation deploys its full effects up to the expiry of the time limit for payment of the designation fee. It is only after that date that these effects cease, in the sense that acts which require a designation such as the filing of a divisional application, cannot be validly performed anymore if no designation fee at all has been paid. By contrast, the result reached by the Legal Board of Appeal in J 22/95 is a full retroactive effect of the non-

payment of a designation fee. The Board states: "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 to have never taken place." (point 2.3 of the Reasons).

3.1 Article 91(4) EPC states that the designation of a State for which the designation fee has not been paid is deemed to be withdrawn. The term "deemed to be withdrawn" is also used elsewhere in the EPC, in particular in connection with the fate of a European application if certain acts are not performed. For example, a European patent application is deemed to be withdrawn if the renewal fee, the filing fee, the search fee or the fees for grant and printing are not paid (Articles 86(3), 90(3) and 97(3) EPC), if the applicant omits to designate the inventor (Article 91(5) EPC), if he files no request for examination (Article 94(3) EPC), or if he fails to reply to an invitation to file observations, even at the appeal stage (Articles 96(3) and 110(3) EPC). If the reasoning of J 22/95 were to be applied to these cases, the application would have no legal effect and would be deemed never to have existed, date of filing included. However, this would be inconsistent with the EPC system which clearly distinguishes the conditions for granting a date of filing from the cases in which an application is deemed to be withdrawn. This follows already from the travaux préparatoires (cf. Reports on the Second Preliminary Draft of a Convention establishing a European system for the grant of patents, vol. II, 1971, page 69, paragraph 38: "Articles 77 and 78 have been clarified to distinguish the effects of the application not fulfilling the requirements necessary to receive a filing date from the case where the application is deemed to be withdrawn."). In the present text of the EPC, the fact that for example failure to pay the filing or search fee does not affect the date of filing is clearly evidenced by the distinction made in Articles 90(1)(a) and (b) EPC between the accordance of a date of filing and the payment of the filing and the search fee. In this respect, the statement in J 22/95 that in the case of failure to pay a filing fee the "European patent application in question ... is considered never to have benefited from any rights whatever, filing date included, in the Contracting State concerned" (point 2.4 of the Reasons) is not correct: The application keeps its date of filing and thus qualifies as a national filing under Article 66 EPC.

3.2 In determining the meaning of the term "deemed to be withdrawn" with respect to the retroactivity or non-retroactivity of the effects in such cases, it is also important to note that there are cases in the EPC where the non-payment of a fee has a retroactive effect. However, in these cases the EPC does not use the words "refused", "withdrawn" or "deemed to be withdrawn", but states that a request, an opposition or an appeal shall "not be deemed to be filed" or "not be deemed to have been filed" until the corresponding fee has been paid (cf. Article 94(2) EPC for the examination, Articles 99(1) and 108 EPC for the opposition and appeal and Article 136(1) EPC for a conversion). This constitutes further evidence for the fact that the EPC makes a

clear distinction between the cases where retroactive effect is wanted ("not be deemed to be filed" or "not be deemed to have been filed") and where this is not the case ("refused, withdrawn or deemed to be withdrawn").

3.3 What has been said so far indicates that under the EPC there is no retroactive effect where the EPC uses the term "deemed to be withdrawn". See also G 1/90, where the Enlarged Board of Appeal stated in the case where the EPC deems the application to be withdrawn that "the loss of rights occurs on expiry of the time limit that has not been observed." (point 6 of the Reasons), and J 4/86 (supra, point 1.1). Since the term is also used in the context of the non-payment of designation fees, this result would therefore also seem to apply to this case, unless one chooses to give the term "deemed to be withdrawn" a different meaning in different cases. However, it is generally accepted that giving different meanings to one and the same expression is not desirable and should not be undertaken lightly. This is particularly true in the present case, where, as has been explained under point 3.2 supra, there are cases in the EPC where retroactive effect of the non-payment of a fee is intended and where a different language from "deemed to be withdrawn" is used. More importantly, the EPC contains a clear indication that the case of designation fees should not be treated differently from the other cases with respect to non-retroactivity. Article 91(1) EPC states:

"(1) If a European patent application has been accorded a date of filing, ... the Receiving Section shall examine whether: (e) the designation fees have been paid;".

This means that according to a date of filing was intended to be a requirement for examining whether or not the designation fees have been paid. Allowing the non-payment of the designation fees to affect the date of filing would reverse the logical sequence of the examination on filing pursuant to Article 90 EPC, under which a date of filing is accorded, and the examination as to formal requirements pursuant to Article 91 EPC, which includes examining whether the designation fees have been paid. The date of filing would however, be affected if the non-payment is given retroactive effect as in J 22/95, since the non-payment of any designation fee would inevitably lead to the loss of the date of filing.

3.4 Against this background, the arguments put forward by the Legal Board of Appeal in J 22/95 for justifying a retroactive effect of the non-payment of the designation fees are not convincing. Its main argument is based on Article 67(4) EPC which reads: "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." Paragraphs 1 and 2 of Article 67 EPC (and, by reference, Article 64 EPC) deal with the provisional protection conferred by a European patent application. "The sole purpose of designation of Con-

tracting 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." (point 2.3 of the Reasons). It is certainly true that one of the purposes of the designation of a Contracting State is to obtain provisional protection in that State. But it is not its sole purpose, as J 22/95 affirms, nor its only effect: The designation of at least one Contracting State is equally important to obtain a date of filing for the European patent application (Article 80 paragraph (b) EPC). Article 67(4) EPC does not deal with this effect nor with any other effects of a designation, but is exclusively concerned with the specific aspect of the provisional protection. Therefore, this provision, which applies equally to all cases where an application is withdrawn, deemed to be withdrawn or refused or where a designation is withdrawn or deemed to be withdrawn, cannot be seen as a basis to justify a general retroactivity, but on the contrary must be seen as laying down a specific exception (concerning the provisional protection), thus lending even more strength to the opinion that for the remainder no retroactive effect occurs. J 22/95 also attaches great importance to the first sentence of Article 79(2) EPC: "The designation of a Contracting State shall be subject to the payment of the designation fee", and in particular to the four words "shall be subject to" which are apparently taken to mean that the designation fee is a *conditio sine qua non* for the very existence, *ab initio*, of a designation. However, from this wording no direct answer can be derived concerning the consequences of non-payment of a designation fee. More importantly though, the same wording appears in the preceding Article concerning the filing and search fee (Article 78(2) EPC). Were the reasoning of J 22/95 to be followed, non-payment of the filing or the search fee would cause the application to disappear, date of filing included. But this is not the case, as has been explained under point 3.1 *supra*. Of course, as with the term "deemed to be withdrawn", one could argue that "shall be subject to" has not the same meaning in the context of the filing and search fee on the one hand and the designation fee on the other. There is however absolutely no justification for such a conclusion.

4. It follows from what has been said that there is no support under the European patent system for the view that failure to pay designation fees in due time has the effect that the designations disappear retroactively as if they had never existed. On the contrary, the wording and the system clearly indicate that up to the due date for payment of the designation fees, the designations deploy their full effects. Only if the designation fees are not paid in due time, will the designations not have any effect with respect to acts to be performed after that date, such as the filing of a divisional application. Retroactivity of the effects of non-payment of designation fees occurs only where the EPC explicitly provides for it, i.e. in the case of provisional protection (Article 67(4) EPC). This result, which is in line with J 25/88 (*supra*,

point 1.1) and the practice of the EPO, is confirmed by the statement of the German delegation, which on this point was not contradicted by the other delegations, in the *travaux préparatoires*: "Um jedoch beurteilen zu können, ob er" (the applicant) "seine Benennung für ein bestimmtes Land aufrechterhalten soll oder nicht, brauche er die Benennungsgebühr erst bis zum Ablauf von 12 Monaten zu entrichten" (Report on the 11th meeting of the Working Party I, Luxembourg, 28 February to 3 March 1972, BR/177/72, point 31). As the President points out in his referral, the term "aufrechterhalten", in English meaning "to maintain" or "to uphold" (Romain, *Wörterbuch der Rechts- und Wirtschaftssprache*, München, 1994) indeed points towards the intention that a designation for which no fee is paid, does not simply disappear as if it had never happened, but rather that it loses effect for the future only. The same view is taken in the legal literature (Strebel, *Münchener Gemeinschaftskommentar*, Article 91, point 141; Bossung, *Münchener Gemeinschaftskommentar*, Article 79, point 178).

5. The rejection of a general retroactive effect of the non-payment of designation fees is also the only way to avoid the problems mentioned by the President in his referral (see point II(c) *supra*): Concerning the date of filing and its importance for claiming a priority, the approach taken in J 22/95 would inevitably lead to the loss of the date of filing and thus of the priority if no designation fees at all are paid. This would not only contravene Article 91(1) EPC, from which it follows that the payment of designation fees is not a requirement for the date of filing (point 3.3 *supra*), but it would by the same token also give rise to a violation of the Paris Convention for the Protection of Industrial Property (Paris Convention), since such payment is not a condition for a "regular national filing" (a term which also encompasses European patent applications, cf. Article 66 EPC) giving rise to a right of priority pursuant to Article 4 A (3) Paris Convention. A violation of the Paris Convention would occur even if the view were taken that the payment of designation fees is a condition for a "regular national filing" within the meaning of the Paris Convention; at present, the designation fees are due within six months of the date on which the European Patent Bulletin mentions the publication of the European search report (Article 79(2) EPC). Thus, the loss of status as a "regular national filing" might occur up to one year or more after the end of the priority period of twelve months for a subsequent application (Article 4 C of the Paris Convention). However, the "regular national filing" and thus the date of filing must be determined at the latest at the end of the priority period, since it must be accessible to examination by the office of the State in which the subsequent application claiming priority is filed (Beier/Straus, *Probleme der Unionspriorität*, GRUR Int 1991, page 256). The lack of influence of the non-payment of designation fees on the date of filing also avoids the problems that would otherwise arise in respect of the possibility to convert a European patent application into a national application according to Ar-

Article 135 EPC. Such a conversion is possible in certain cases where the European patent application is refused, withdrawn or deemed to be withdrawn. These cases occur in general at the beginning of the grant procedure, i.e. at a time when designation fees are not yet due. The conversion further requires a European application which has been accorded a date of filing, because otherwise it would not qualify as equivalent to a national filing (Article 66 EPC). If the designation fee is not paid before the European application is refused, withdrawn or deemed to be withdrawn for one of the reasons mentioned in Article 135 EPC, no payment would be possible anymore and a retroactive effect of such non-payment would mean that the European patent application loses its date of filing and thus no longer qualifies as a national filing under Article 66 EPC. No conversion would then seem to be possible, a situation which would clearly contradict the legislative intent of Article 135 EPC. Finally, a non-retroactive effect of the deemed withdrawal of designations due to the failure to pay the corresponding fees allows the situation in respect of divisional applications to be dealt with appropriately: According to the approach of J 22/95, all divisional applications filed before the due date of the payment of designation fees for the parent application would disappear if the designation fees were not paid in due time, because the designations would be deemed never to have taken place and thus the requirement of Article 76(2) EPC could not be met, namely that the divisional application shall not designate Contracting States which were not designated in the earlier application. To avoid this consequence, the applicant would be forced to pay the designation fees for the parent application, even if he had lost all interest in it, for example due to an unfavourable search report. By contrast, an *ex nunc* effect of the deemed withdrawal of designations due to the nonpayment of the corresponding fees means that failure to pay these fees does not affect the validity or the geographical extent of the divisional application. The applicant may designate all Contracting States designated in the parent application in the divisional application, and he may proceed with all of them even if in respect of the parent application he later pays only some or no designation fees. This is in line with the fact that the procedure concerning the divisional application is in principle independent from the procedure concerning the parent application and that the divisional application is treated as a new application (Bernhardt/Krasser, *Lehrbuch des Patentrechts*, 4th edition, München 1986, page 466; van Empel, *The Granting of European Patents*, Leyden 1975, n. 560, 561). Although there are some connections between the two procedures (eg concerning time limits), actions (or omissions) occurring in the procedure concerning the parent application after the filing of the divisional application should not influence the procedure concerning the latter. Moreover, the applicant is not forced into the senseless act of paying designation fees for a parent application in which he has lost all interest. And finally, tricky questions arising in a case where a patent has been granted after acceler-

ated processing of the divisional application before the due time for paying the designation fees for the parent application are avoided.

6. For these reasons, the question 1.a) submitted to the Enlarged Board of Appeal by the President of the EPO is answered in the negative, with the exception of the case expressly mentioned in Article 67(4) EPC. Since the three further sub-questions b) to d) all depend on an answer to question a) in the affirmative, they need not be answered.

7. The second question submitted by the President of the EPO relates to the date from which the deemed withdrawal of the designation of a Contracting State takes effect.

7.1 Article 91(4) EPC states 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". Since in the opinion given here no general retroactive effect is attached to the fact that a designation is deemed to be withdrawn, the deemed withdrawal necessarily takes effect upon expiry of the "due time" mentioned in Article 91(4) EPC (and Rule 108(2) EPC for an international application). Thus, it has to be determined what this term means.

7.2 The time limits for paying designation fees are laid down in Article 79(2) EPC and, for particular cases, in Rules 15(2), 25(2) and 107(1) EPC. In all these cases, Rule 85a EPC provides for a period of grace of one or two months. The question therefore is whether the deemed withdrawal takes effect upon expiry of the regular time limits or upon expiry of the grace period pursuant to Rule 85a EPC. Strebel, *Münchener Gemeinschaftskommentar, Article 91*, point 141 is of the opinion that the relevant date is the expiry of the grace period, since this period prolongs the time limits for payment. However, Rule 85a EPC does not prolong the normal time limits, but contains what its name says, namely a grace period, a possibility to remedy an otherwise potentially fatal non-observation of a time limit. The conclusion that the relevant date is not the expiry of the grace period, but the expiry of the normal period was reached in J 4/86 concerning the failure to file a request for examination of a European patent application. The well-reasoned decision is fully convincing and since there are no reasons to distinguish the case at hand from the situation underlying J 4/86, there is nothing more to add. The practice of the EPO (Guidelines for Examination in the EPO, A-III, 12.5, 2nd paragraph) is confirmed.

#### Conclusion

For the reasons set forth above, the Enlarged Board of Appeal gives the following opinion on the questions referred to it by the President of the EPO:

Question 1.a):

Without prejudice to Article 67(4) EPC, the designation of a Contracting State party to the EPC in a European patent application does not retroactively lose its legal effect and is not deemed never to have taken place if the relevant designation fee has not been paid within the applicable time limit.

Questions 1.b) to d):

No answers required.

Question 2:

The deemed withdrawal of the designation of a Contracting State provided for in Article 91(4) EPC takes effect upon expiry of the time limits mentioned in Article 79(2), Rules 15(2), 25(2) and 107(1) EPC, as applicable, and not upon expiry of the period of grace provided by Rule 85a EPC.

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