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File Number: J 7/90  
Application No.: 88 305 201.1  
Publication No.: 0 295 067  
Title of invention: Digital load shift compensation

Classification:

D E C I S I O N  
of 8 August 1991

Applicant: Toledo Scale Corporation

Headword: Correction of designation/TOLEDO

EPC Article 79; Rule 88 first sentence

Keyword: "Designations - correction of" -  
"Time limitation for corrections" -  
"Designation system: legal problems and potential development"

Headnote

I. The Legal Board of Appeal upholds its case law under which the addition of a designation of a Contracting State by correction under Rule 88 first sentence EPC is subject to a time limitation. Corrections can accordingly be made only if the request for correction is received by the EPO in sufficient time to enable publication of a warning together with the European patent application. This applies even where all other conditions to which such corrections are subject under Legal Board of Appeal case law have been met and, in particular, even where the Applicant has requested correction immediately upon discovering his mistake (confirmation of past case law, e.g. in decisions J 12/80 (OJ EPO 1981, 143), J 03/81 (OJ EPO 1982, 100), J 21/84 (OJ EPO 1986, 75) and J 08/89 (1990 EPOR 57)).

II. However, the existing designation system and, in particular, the "precautionary designation" and Rule 85a EPC may give rise to legal problems. The system can only be developed further on the basis of legislation. The Convention gives competence to that end to the Administrative Council of the European Patent Organisation.



Case Number : J 7/90

**D E C I S I O N**  
of the Legal Board of Appeal  
of 8 August 1991

**Appellant :** Toledo Scale Corporation  
350 W. Wilson Bridge Road  
Columbus, Ohio 43085 (US)

**Representative :** Skinner, Michael Paul  
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**Decision under appeal :** Decision of the Receiving Section of the EPO dated  
2 October 1989 refusing the correction of a  
designation and a request for re-establishment of  
rights

**Composition of the Board :**

**Chairman :** O. Bossung  
**Members :** J.-C. Saisset  
J. Stephens-Ofer

## Summary of Facts and Submissions

- I. European patent application No. 88 305 201.1 was filed on 8 June 1988 claiming priority of 12 June 1987. Seven States, including Greece, were designated in Section 26 ("Designation of Contracting States") of the Request for Grant form (cf. OJ EPO 1986, 306, 308), and seven designation fees were paid. However, the combination "Switzerland and Liechtenstein" was not marked with a cross in Section 26. Section 27 on the "Precautionary designation of all Contracting States" was unchanged and therefore referred to all Contracting States, including Switzerland and Liechtenstein. Following a communication dated 3 November 1988 pursuant to Rule 50(1) EPC, the European patent application was published on 14 December 1988 without a search report as "A2" document No. 0 295 067. It listed as designated Contracting States the seven States including Greece, but not "Switzerland and Liechtenstein".
  
- II. By a letter dated 5 July 1989, the Applicant's representative requested a correction under Rule 88 first sentence EPC to replace the designation of Greece by that of Switzerland and Liechtenstein. He explained that the applicant had discovered that a mistake had been made of which he, the representative, had been notified on 4 July 1989. Evidence was produced that the original designation of Greece instead of Switzerland and Liechtenstein was a mistake. By a fax dated 3 August 1989, the representative also took the precaution of submitting a request for re-establishment of rights in case the EPO was of the opinion - as he was not - that certain time limitations were to be observed when making requests for correction of designations.

- III. By a decision dated 2 October 1989 the EPO Receiving Section refused both requests on the ground that, under Legal Board of Appeal case law, a request for a correction of this nature had to be made early enough to enable a warning to be published together with the European patent application. The request for re-establishment of rights was also refused on the Ground that the case involved a "time limitation" rather than a "time limit" in the sense of Article 122(1) EPC.
- IV. The applicant filed an appeal against this decision on 29 November 1989. The appeal fee was paid on 30 November 1989, and the Statement of Grounds of Appeal was filed on 29 January 1990. An affidavit by an employee of the applicant was subsequently filed, stating that the mistake in designation had not been discovered until "shortly before 29 June 1989" when the "A2" document data was being entered into a computer and that at first the mistaken designation had been thought to be a printing error.
- V. By a letter dated 9 May 1990, the Appellant requested postponement of the impending publication of the European search report to enable the corrected list of designated States to be included in the subsequent "A3" document. The "A3" document appeared on 20 June 1990 with the original list of designated States.
- VI. In its Statement of Grounds, and in the oral proceedings on 8 February 1991, the Appellant presented the following argument:

The designation of Greece instead of Switzerland and Liechtenstein had been shown to be a mistake; as soon as it had been discovered, a request for correction had been made. Under the Convention no time limitation could be imposed on corrections beyond the requirement that the applicant should not unduly delay application for

correction once a mistake has come to light. Rule 88 contained no time limitation. Furthermore, the "protection of third parties" did not affect the correction of other errors under this rule. In support of his argument, the Appellant gave examples of published patent applications containing errors to show that third parties could not rely on the accuracy of such publications. It was also known that applicants for European patents would not pursue patent protection later in many of the designated States, with the result under Article 65(3) EPC that all protection in those States would cease to apply with retrospective effect. The Board of Appeal had no authority to make corrections under Rule 88 EPC subject to observance of a time limitation. Moreover, a valid argument could not be based on the need for the "protection of third parties"; such protection was in any case a matter for national law. The EPO could not and should not pre-empt the national courts by refusing to allow a correction on the grounds of the "protection of third parties". It fell to the courts of the State included in a European patent application as a result of a correction to decide whether patent protection was to be granted and how the interests of third parties were to be protected. The Board of Appeal had two options: either it could refuse to allow the correction of States altogether on the grounds that a correction of this nature did not come under Rule 88 first sentence EPC; or, if it did apply this rule to the correction of designations, it had to do so for the entire duration of the examination proceedings. Thus, the introduction of a time limitation during proceedings before the European Patent Office was unlawful.

In concluding his argument, the Appellant submitted that, if a time limitation could be introduced, it would be a "time limit" in the sense of Article 122(1) EPC, in which case re-establishment of rights should also be possible under that Article.

VII. The Appellant requests that the contested decision be set aside and that it be ordered that Switzerland and Liechtenstein be included in the list of designated Contracting States instead of Greece, whether by correction under Rule 88 first sentence EPC or by re-establishment of rights under Article 122 EPC.

Alternatively, the Appellant requests that the following questions of law be referred to the Enlarged Board of Appeal:

- "1. The case law developed under Rule 88 EPC prohibits the operation of that Rule after an application has been published on the grounds that amendment is contrary to the public interest.
2. There is no principle of procedural law generally accepted in the Contracting States which allows the substantive law to be amended or rendered inoperative on the grounds of protecting the public interest. Such amendment would require new legislation.
3. Accordingly, it is not within the authority of the EPO to impose a condition which has the result of amending the law. Therefore ... the case law [of the Legal Board of Appeal] should be restored to the position according to Decision J 12/80."

## Reasons for the Decision

1. The appeal, which is admissible, questions one decisive aspect of Legal Board of Appeal case law on the addition of designations of Contracting States by correction under Rule 88 first sentence EPC - that of a time limitation. Following signature of the European Patent Convention, the opinion initially prevailed that the designation of a State corresponded to the filing of a patent application for that State and, therefore, could not be made good by correction (cf. van Empel, *The Granting of European Patents*, Leyden 1975, p. 139). The Legal Board of Appeal, however, since its decision in Case J 08/80 dated 18 July 1980 (OJ EPO 1980, 293) has generally allowed such correction by application of Rule 88 first sentence EPC. It has developed this case law since and, in the process, made the correction of designations dependent on certain conditions. Even in decision J 08/80 the burden on the person requesting correction of proving the facts was a heavy one. Decision J 10/87 (OJ EPO 1989, 323) required a certain "excusable oversight" and confirmed earlier decisions that called in particular for an "immediate" request for correction. The Board of Appeal considers the Appellant in this case to have met all of these conditions, particularly the latter.

2. However, in this case, the Appellant has not met one further condition, which will be referred to here as the "time limitation". This condition was required to be met in decisions J 12/80 (OJ EPO 1981, 143), J 03/81 (OJ EPO 1982, 100), J 21/84 (OJ EPO 1986, 75) and, most recently, J 08/89 (1990 EPOR 57). The "time limitation" condition requires that, in general, a request for correction must be refused in the public interest if it is not made early enough to enable publication of a warning together with the European patent application.

2.1 The Appellant contests the Board of Appeal's authority to make such a time limitation a condition for the correction of designations, being of the opinion that the Board has a choice only between either not applying Rule 88 first sentence EPC to designations at all or allowing correction of designations up to the grant of a European patent. The Appellant is quite correct in saying that third parties can rely only to a limited extent on the information given in a published patent application. As far as designations are concerned, it may even be said that a genuine, experienced, competitor would be capable at least of suspecting a mistake in the designation and therefore would expect the applicant still to be interested in having this corrected even after publication of the application. Such a competitor would be able to estimate the relative importance of designated and non-designated States for the economic exploitation of the invention and might therefore not be protected if he were to exploit what were obviously errors on the part of the applicant. It may be true, therefore, to some extent that the "protection of third parties" is not a convincing ground for setting a time limitation for the correction of designations within the European patent grant procedure.

2.2 However, the Board of Appeal does not accept the logic of the Appellant's argument that the EPO has a choice only between either refusing the correction of designations altogether or permitting correction up to the grant of a European patent. Legal Board of Appeal case law permits the correction of unavoidable errors in the designation of Contracting States only under certain conditions and only up to the aforementioned point in the proceedings. Rule 88 first sentence EPC in no way compels the EPO to permit the correction of errors of any kind at any time. All three texts of this rule ("können" - "may be" - "peuvent") give the EPO the authority to permit certain types of



correction at its discretion, which also means that corrections can be made dependent upon conditions. A time limitation is a reasonable condition if the addition of a designation by correction is to be permitted at all.

- 2.3 The fact that Legal Board of Appeal case law, the "precautionary" designation (cf. Legal Advice No. 7/80, OJ EPO 1980, 395) and Rule 85a EPC have made it possible to include further States in the designations does not oblige the EPO to permit this up to the grant of a patent without any time restrictions. If any time limitation is possible within the proceedings it is the one chosen by the Legal Board of Appeal, which is hardly arbitrary. After filing the application, the Applicant and his representative have plenty of opportunities to check the designations, with the communication pursuant to Rule 50(1) EPC, which was also issued in this case, giving them their final chance to do so.
  
3. The precautionary request for re-establishment of rights following failure to observe a "time limit" cannot be granted since the "time limitation" condition imposed under Board of Appeal case law is not a "time limit" in the sense of Article 122(1) EPC (cf. 2.2 above). A request for correction under Rule 88 EPC is in fact not subject to any time limit. However, this does not rule out the possibility of the case law imposing certain conditions, including time restrictions, on particular types of corrections.
  
4. The questions of law posed by the Appellant are expressed as statements and are more in keeping with a request for the grant of an appeal. Even if rephrased as questions, they amount to a request for the Enlarged Board of Appeal either to declare Legal Board of Appeal case law on the correction of designations unlawful or, on the contrary, to extend the possibility of correction up to the grant of

a European patent. This is in itself a contradictory request. It is neither necessary, therefore, under Article 112(1)(a) EPC nor helpful to the development of the designation system in the European Patent Convention to refer the matter to the Enlarged Board of Appeal.

5. The appeal is therefore rejected and the request for referral to the Enlarged Board of Appeal refused on the ground that it is of no assistance in reforming the designation system.
  
6. However, consideration should be given to the question whether the time has not come to develop the designation system by means of legislation. As the case law of the Legal Board of Appeal cannot be developed further on this question, the Board is not in a position to make any additional contribution to such development. Nevertheless, it would point out that the current designation system is not in keeping with the objectives of European patent law harmonisation (see 6.1 below), that the system gives rise to problems from the legal point of view (6.2 below) and that the European Patent Convention gives the Administrative Council of the European Patent Organisation the necessary scope to develop the law in this respect (6.3 below).

- 6.1 The current designation system is basically a system of individual designations, not found in earlier plans for a European patent. The aim of the latter was to overcome the principle of territoriality in Europe, to make centralised patent examination effective for all States and to create uniform law. The current system by contrast has its origins in the PCT (for background see Münchner Kommentar [commentary on the EPC], Art. 79, No. 23 et seq.). As a system of individual designations, it would not have been of much significance if the Community Patent Convention (CPC) had come into force soon after the

European Patent Convention. In the meantime, the PCT individual designation system has developed: even when a large number of national and regional patents are requested, no more than 10 fees are due (Rule 96 and Fee Schedule No. 2 PCT). Thus, a "worldwide" global designation is possible under the PCT procedure. For a regional/European patent only one fee is due. The PCT form PCT-/RO/101 further ensures that all Euro-PCT applications refer to all EPC States belonging to the PCT. It is not until a Euro-PCT application has entered the regional phase before the EPO that designation fees for the individual EPC States have to be paid. Then, however, the same procedure applies as for European applications. The territorial unity of patent applications pending before the EPO ceases, meaning that in about 85% of applications not all the States are designated which in future will be covered by a Community patent. The "subsequent choice of a Community patent" as provided for in Article 82 CPC, therefore, will be possible only to a very limited extent (cf. Official Journal of the European Communities 1989, L 401). The current designation system under the European Patent Convention, therefore, is in conflict with the Community patent and its aim of creating uniform law throughout Europe in order to serve the single market and the European economic area.

6.2 In the case in question, the Legal Board of Appeal does not share the Appellant's opinion that the correction of designations should either not be permitted at all or be permitted up to the grant of a European patent. However, certain aspects of the current system do seem to present legal problems.

6.2.1 The first point is that the time limitation questioned by the Appellant is not the same for an Applicant for an international application requesting a regional, European,

patent. The PCT system (cf. 6.1 above) has developed in such a way that the publication of the international application under Article 21 PCT always designates all EPC States. Under Article 158(1) EPC, this publication takes the place of the publication of a European patent application under Article 93 EPC. Under Article 22 or 39 PCT in conjunction with Rule 104b EPC the PCT applicant need not pay the designation fees for the individual EPC Member States until 21 or 31 months after the priority date, when the application enters the regional phase. By this time, however, the period of time allowed for the applicant for a European patent application to correct designation errors has long expired.

- 6.2.2 Even the revision of Rule 85a EPC (OJ EPO 1989, 1 et seq.) gives rise to legal and practical problems. A legal problem arises from the fact that a communication is provided for with respect to designations under Section 26 of the request form but not with respect to designations under Section 27 (cf. Decision J 10/86 dated 4 May 1987, not published). A practical problem may result from the fact that the time limits for the payment of fees for designations under Sections 26 and 27 pursuant to new Rule 85a, paragraphs 1 and 2, EPC expire at different times.
- 6.2.3 The current designation fee of DEM 350 payable regardless of the size and economic significance of the individual State appears problematical in that it may act as a deterrent to the designation of certain States. It should be remembered here that at the Washington Diplomatic Conference in 1970 the sum of 12 US dollars was mentioned as a guideline for the amount of the designation fee (cf. Records p. 648). It therefore seems doubtful whether Article 79 in conjunction with Article 40(1) EPC can permit such a high uniform designation fee for each of the various Contracting States.

6.3 For all these reasons the Legal Board of Appeal would point out that the European Patent Convention gives the Administrative Council of the European Patent Organisation the competence to adapt the designation system in respect of both setting a global designation fee and time limits for fee payments.

6.3.1 However, it should be pointed out that the essential difference between the filing fee under Article 78(2) and the designation fee under Article 79(2) with their different due dates (one month after filing of the application and 13 months after the priority date respectively) must be maintained. European patent applications which are first filings should not be subject therefore to any designation fees at the time of filing. In the seven measures programme (cf. OJ EPO 1989, 523 and the document "EPO Horizon 2000", No. 69, p. 44), the President of the Office again drew attention to the possibility of obtaining an accelerated European search by means of a European first filing. The European first filing will become increasingly important. Under Article 87(1) EPC, it gives rise to a priority basis for designating all Contracting States and thus in a way contains a "global" designation.

6.3.2 Thereafter, there are no legal obstacles to combining all the designation fees under Articles 3 and 79(2) EPC into a single fee. The wording of these provisions is not to be understood, however, as meaning that a designation fee of the same amount must be paid for each State. This is clear from the patent treaty between Switzerland and Liechtenstein (cf. OJ EPO 1980, 407) and the preparatory studies on the Community patent. So the question remains whether it is at all possible to provide for a global designation fee for all Contracting States, irrespective

of whether they will be members of the Community Patent Convention. The answer is yes. Article 3 EPC, of course, would require a separate international agreement under Article 142 in conjunction with 149 EPC if joint designation were necessarily to lead to a joint patent. A global designation fee however leaves the patent applicant free to withdraw a designation before grant of the European patent under Article 79(3) EPC or, after grant, not to pursue or maintain a European patent in a particular Contracting State. No particular legal provision had to be made for the "precautionary" designation, which was simply added to a form. A single, global designation fee, however, would certainly require relevant provision to be made in the Rules relating to fees. But this would not necessitate a separate international agreement in the sense of Articles 142 and 149 EPC.

- 6.3.3 In addition to a flat-rate designation fee at the beginning of proceedings the law does not exclude the possibility of raising individual designation fees on grant of the European patent. This would correspond to extending the time limit for payment of part of the designation fees beyond the period provided for in Article 79(2) EPC. Such an extension seems to be covered by Article 33(1)(a) EPC. This would certainly improve the current situation but create problems similar to those that exist under the present system. It seems advisable therefore to compensate for loss of income partly by a general increase in the grant fee. The most practical option, which is also legally possible, could be to leave the filing fee alone and to charge a flat-rate designation fee for all Member States within the period provided for in Article 79(2) EPC and to raise the grant fee.

7. In conclusion, the Legal Board of Appeal upholds the current designation system resulting from its own case law, the "precautionary designation" and the creation of Rule 85a EPC. The legal problems noted in the present system, however, do leave room for improvement.

Order

For these reasons, it is decided that:

1. The appeal is dismissed.
2. The request for referral to the Enlarged Board of Appeal is refused.

The Registrar

The Chairman

M. Beer

O. Bossung