

**CA/89/13**

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Munich, 27.09.2013

**SUBJECT:** Amendments to the Implementing Regulations to the EPC regarding divisional applications (Rules 36, 38 and 135 EPC)

**SUBMITTED BY:** President of the European Patent Office

**ADDRESSEES:** 1. Administrative Council (for decision)  
2. Committee on Patent Law (for information)

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#### SUMMARY

The present document contains proposals to change the current approach regarding the requirements for the filing of divisional applications.

The Office proposes to amend Rules 36 and 135 EPC to allow the filing of divisional applications as long as the earlier application is pending. It also proposes to establish an additional fee as part of the filing fee in the case of divisional applications filed in respect of an earlier application which is itself a divisional application, by amending Rule 38 EPC.

The proposals take into account the results of the online consultation on divisional applications which took place from 4 March to 5 April 2013, as well as the discussions held at the 8th meeting of the SACEPO Working Party on Rules, on 17 May 2013, and at the 45th meeting of SACEPO, on 19 June 2013.

The present document is based on CA/PL 7/13 and takes into account the comments made during the 43rd meeting of the Committee on Patent Law on 17 September 2013.

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## PART I

### **I. STRATEGIC/OPERATIONAL**

1. Operational

### **II. RECOMMENDATION**

2. The Administrative Council is requested to decide on the draft decision in Part II of this document.

### **III. MAJORITY NEEDED**

3. 3/4

### **IV. CONTEXT**

4. Rule 36 EPC was amended by Administrative Council decision CA/D 2/09 of 25 March 2009, which introduced two 24-month time limits as a requirement for the filing of divisional applications. The amendment entered into force on 1 April 2010, with provision for a grace period of six months for the division of applications for which the new time limits would already have expired or would otherwise have been shorter than six months.
5. Pursuant to the amended Rule 36(1) EPC, divisional applications can be filed in relation to any pending earlier application, provided that they are filed before the expiry of: (a) a time limit of twenty-four months from the Examining Division's first communication in respect of the earliest application for which a communication has been issued, or (b) a time limit of twenty-four months from any communication in which the Examining Division has objected that the earlier application does not meet the requirements of Article 82 EPC, provided it was raising that specific objection for the first time.
6. The time limits were introduced with the aim of limiting the use of divisional applications as a tool for prolonging the pendency of subject-matter before the EPO. It was noted that some applicants used divisional applications as an instrument to achieve 'duplication' of proceedings by filing a(n identical) divisional application the day before the oral proceedings, i.e. before any refusal might occur and thus while the earlier parent application was still pending. Such tactics allowed applicants to have the same technical content discussed again even when the outcome of the proceedings in the parent application was negative. This trend was considered to be detrimental to legal certainty for third parties as well as to patent office workloads.

7. In view of numerous inquiries from users asking which Examining Division communications qualified as a 'first communication' within the meaning of Rule 36(1)(a) EPC, this provision was clarified by CA/D 16/10. The text of the rule was thereby amended to list the Examining Division communications which triggered the twenty-four month period for filing voluntary divisional applications, namely the communication under Article 94(3) and Rule 71(1), (2) EPC and the communication under Rule 71(3) EPC.

## **V. ASSESSMENT OF THE IMPACT AND EFFECTIVENESS OF RULE 36(1) EPC**

8. Since the amendment to Rule 36(1) EPC entered into force on 1 April 2010, the overall number of divisional applications has grown. This growth was remarkable in the first year, due to the six-month grace period after the amendment's entry into force (7 005 divisional applications were in the search stage in 2009, and 22 102 divisional applications in the year from April 2010 to March 2011). Since then, the figures have gradually decreased until the present time, where the number is slightly above the 2009 level (9 989 divisional applications from April 2012 to March 2013). Although the number of first-generation divisional applications has increased, the amendment has had an impact on the number of layers or generations of the divisional applications filed. The number of second-generation divisional applications declined from 19.8% of all divisional applications in 2009 to 7.1% in the period between April 2012 and March 2013 (i.e. from 1 701 to 914 applications). In the same period, the third generation diminished from 3.0% to 0.6% (from 255 to 82 applications) and the fourth generation from 0.6% to 0.1% (from 51 to 9 applications).
9. The increase in the overall number of divisional applications seems to be due to the precautionary filing of divisional applications before expiry of the existing time limits. Such filings have to be made before applicants are certain about the expected extent of protection in relation to the parent application. Therefore, the viability of these applications is questionable and generates costs for applicants, uncertainty for third parties, and an additional workload for the EPO.
10. As stated above, one of the grounds for the introduction of the time limits was to prevent the precautionary filing of divisional applications to escape a possible adverse decision of the Examining Division. This practice, though, has lost most of its basis since the Enlarged Board of Appeal issued its decision G 1/09 on 27 September 2010, in which it came to the conclusion that a European patent application which has been refused by a decision of the Examining Division is

thereafter still pending within the meaning of Rule 25 EPC 1973 (current Rule 36(1) EPC) until the expiry of the time limit for filing a notice of appeal. Consequently, applicants may file divisional applications after refusal of the parent application, without the need to resort to precautionary filings before oral proceedings.

11. Moreover, the approach taken with the amendment of Rule 36(1) EPC has proven to be difficult to implement. As mentioned above, it was revisited only a few months after its entry into force, and discussions on the triggering of the time limits, particularly in connection with the time limit for mandatory division (Rule 36(1)(b) EPC), have continued since then. The attempt to avoid circumvention of the time limits by strict application of the current regime might entail unfair situations, especially for SMEs. No satisfactory and balanced solution seems possible under the current rule.
12. The time limits have been reported to be difficult to monitor for applicants and third parties. Legal certainty can only be significantly improved if it can be easily established when the possibility of filing further divisional applications no longer exists. However, the time limits in current Rule 36(1) EPC do not allow this, for the following reasons:
  - Firstly, the time limits do not apply to individual applications, but to whole sequences of applications. This means that in order to ascertain whether an application can be divided, examination of all the other applications of the sequence needs to be monitored, and vice versa.
  - At least one person skilled in the technical field concerned and acquainted with patent law needs to be involved in the monitoring of the time limits. Determination of whether a particular non-unity objection has been raised by the Examining Division for the first time in relation to the whole sequence of applications is not a task which can be entrusted to paralegals or to a docketing department. This makes the monitoring system more complex and resource-intensive.
  - Once a triggered time limit has expired, further periods for division under Rule 36(1)(b) EPC might occur at a later stage. Thus the monitoring of the whole sequence of applications continues to be necessary.

## VI. FEEDBACK FROM USERS AND INTERESTED PARTIES

13. Most of the above-mentioned aspects of current Rule 36(1) EPC were already indicated by European patent system users in the framework of the "Raising the Bar" evaluation. The outcome of this process was that, with the exception of the amended Rule 36 EPC, the "Raising the Bar" changes had enhanced efficiency, accelerated the grant procedure and improved dialogue between the applicant and the examiner. However, the time limits for the filing of divisional applications were considered extremely detrimental by users.
14. In view of this feedback, open online consultation on divisional applications was launched in March 2013, with a view to obtaining a comprehensive picture of the impact, on all concerned, of the introduced time limits. 302 responses were received, among which a significant number came from user associations. The results clearly show that current Rule 36(1) EPC is assessed rather negatively. Only about 7% of the responses (22) sympathise with the current system, while pointing out the need to make adjustments to it.
15. The most negative aspects of the current system, as indicated by the participants, are the following:
  - It requires applicants to decide too early whether to file divisional applications (146 responses), e.g. before being sure of their interest in the inventions or their viability, prior to the possible emergence of late prior art, before having had the opportunity to dispute a non-unity objection, or even before being sure of the subject-matter for which (unitary) patent protection will be sought. Thus, the applicant is forced to file precautionary divisionals, thereby increasing the costs associated with prosecution (143 responses).
  - The time limits have not met their objectives (102 responses), since there has been no reduction in the number of divisionals, legal certainty has not increased, **long sequences** of divisionals are still possible, or there has been no acceleration of examination.
  - The time limits are complex and difficult to monitor, creating an additional burden and further costs for applicants and representatives (89 responses).

- The negative effects of the introduced time limits are increased by the slow pace of examination (82 responses).
16. As a first option, the majority of the participants proposed reinstatement of the previous Rule 36 EPC (195 responses), under which the filing of divisional applications was possible as long as the earlier application was pending. The option of prolonging the current time limits also obtained support (45 responses), although usually with clearer indications of the starting dates. The necessity for clear provisions against double patenting was noted in numerous replies. As an alternative to another option that they preferred, many participants proposed the prolongation of the existing time limits (73 responses) or setting other time limits with a different triggering event and/or with a different point of lapse (23 responses).
  17. Regarding other non-legislative measures aimed at reducing the pendency of divisional applications, a wide variety of ideas was brought forward for speeding up the processing of European patent applications, particularly divisional applications (119 responses). Here, there were several requests for setting a "compliance time" for examining divisions to make the whole sequence of applications ready for grant, or to treat them in parallel. Many participants further showed openness to a possible increase in the fees for divisional applications (59 responses).
  18. The results of the online consultation were presented at the 8th meeting of the SACEPO Working Party on Rules (17 May 2013) and at the 45th meeting of SACEPO (19 June 2013). The feedback received from users at those meetings confirmed the main findings of the consultation.

## **VII. PROPOSAL FOR THE AMENDMENT OF RULES 36(1) AND 135 EPC**

19. In view of the above, the Office proposes to amend Rule 36(1) EPC to allow the filing of divisional applications as long as the earlier application is pending.
20. It is expected that the abolition of the time limits will remove the need for precautionary filings. Neither the expiry of the time limits nor the possibility of a forthcoming adverse decision of the Examining Division would then provide any basis for the filing of divisional applications.

21. It is acknowledged that unsatisfactory cases which might occur cannot be prevented by the proposed amendment. However, experience shows that they cannot be prevented by the existing time limits either.
22. The existing time limits have placed a major constraint, as well as a great monitoring burden, on all applicants, while seriously affecting legitimate filing practices. This lack of proportionality calls for a different approach.
23. Additionally, the EPO is wherever possible taking measures of an administrative nature aimed at reducing the pendency of divisional applications.
24. The change in Rule 36(1) EPC would also require the amendment of Rule 135(2) EPC, to delete the reference to the time limits in Rule 36(1) EPC among those for which further processing is ruled out.

#### **VIII. PROPOSAL FOR THE AMENDMENT OF RULE 38 EPC: ESTABLISHMENT OF AN ADDITIONAL FEE AS PART OF THE FILING FEE IN THE CASE OF DIVISIONAL APPLICATIONS**

25. The Office proposes to provide for the establishment of an additional fee as part of the filing fee in the case of a divisional application filed in respect of any earlier application which is itself a divisional application, i.e. for a divisional application of second or subsequent generation. Implementation of this measure requires the amendment of Rule 38 EPC.
26. As pointed out by a significant number of participants in the online consultation, increasing the fees for the filing of divisional applications could be a simpler and more proportionate way to discourage the filing of long sequences of divisional applications.
27. The option of linking the fee increase to the filing fee is due to the fact that what needs to be discouraged is the filing of divisional applications prolonging existing sequences of applications. The amount of the fee would then grow progressively, while remaining moderate, so that the prolongation of pendency periods would be discouraged, whereas legitimate filing strategies would be barely affected.
28. In line with the above, the additional fee would not be incurred by first-generation divisional applications, but only by divisional applications prolonging an existing sequence (divisionals of second or subsequent generation). Distinguishing between generations of applications makes it possible to set up a table of fees in which the amounts grow progressively with each subsequent generation up to a certain level.

29. The term "generations" of divisional applications is frequently used in the case law of the boards of appeal (see T 1158/01, OJ 2005, 110), and subsequently included in the Guidelines for Examination (see A-IV, 1.1.1 and 1.1.1.4). It relates to the links in a sequence of divisional applications, as defined by G 1/05 and G 1/06 (OJ 2008, 271 and 307, Reasons 11.1). Thus a first-generation divisional application is an application based on an earlier (parent) application which is not itself a divisional application. A second-generation divisional application in turn is an application filed in respect of a first-generation divisional application.
30. Following the discussions at the 43rd meeting of the Committee on Patent Law the proposal for the amendment of Rule 38(4) EPC refers to divisional applications filed in respect of an earlier application which is itself a divisional application.
31. Should the present proposal be adopted, the decision on the amount of the said fees would be presented to the Budget and Finance Committee at its meeting on 29 October 2013 and to the Administrative Council in December 2013, to be considered in the context of general debate on the adjustment of fees and prices for 2014. The amounts of the additional fee which the Office intends to propose are based on the amount of the filing fee.

## **IX. ENTRY INTO FORCE**

32. The envisaged date of entry into force of the amended Rules 36(1) and 135(2) EPC is 1 April 2014. They would apply to divisional applications filed on or after that date.
33. The amended Rule 38 EPC would also enter into force on 1 April 2014. The additional fee would apply to divisional applications filed on or after that date. The required amendment of the Rules relating to Fees will be discussed on the Budget and Finance Committee and is, therefore, not a subject of the present document.

## **X. FINANCIAL IMPLICATIONS**

34. The expected decrease in Office income arising from the reduction in the number of filings of divisional applications as a consequence of the proposed amendment of Rule 36 EPC is not likely to be financially offset by the increased income arising from the establishment of an additional fee as part of the filing fee in the case of divisional applications of second or subsequent generations. Neither the number of applications affected by this new additional fee nor the envisaged moderate level of the additional fee will allow the Office to offset the negative financial impact of the reduction in divisional filings.

35. The goal of the proposed new additional fee is, rather, to send a clear signal to applicants that the filing of long sequences of divisional applications is detrimental to the European patent system. It is not a measure based on the expected revenue.

#### **XI. LEGAL BASIS**

36. Article 33(1)(c) EPC.

#### **XII. DOCUMENTS CITED**

37. CA/D 2/09, CA/D 16/10, CA/PL 7/13, Guidelines for Examination in the EPO (A-IV, 1.1.1 and 1.1.1.4), G 1/09, T 1158/01, G 1/05 and G 1/06.

#### **XIII. RECOMMENDATION FOR PUBLICATION**

38. Yes

#### **XIV. PROPOSED AMENDMENTS TO THE IMPLEMENTING REGULATIONS**

##### **Present wording**

##### **Rule 36 European divisional applications**

(1) The applicant may file a divisional application relating to any pending earlier European patent application, provided that:

(a) the divisional application is filed before the expiry of a time limit of twenty-four months from the Examining Division's first communication under Article 94, paragraph 3, and Rule 71, paragraph 1 and 2, or Rule 71, paragraph 3, in respect of the earliest application for which a communication has been issued, or

(b) the divisional application is filed before the expiry of a time limit of twenty-four months from any communication in which the Examining Division has objected that the earlier application does not meet the requirements of Article 82, provided it was raising that specific objection for the first time.

##### **Proposed wording**

##### **Rule 36 European divisional applications**

(1) The applicant may file a divisional application relating to any pending earlier European patent application [...].

(2) A divisional application shall be filed in the language of the proceedings for the earlier application. If the latter was not in an official language of the European Patent Office, the divisional application may be filed in the language of the earlier application; a translation into the language of the proceedings for the earlier application shall then be filed within two months of the filing of the divisional application. The divisional application shall be filed with the European Patent Office in Munich, The Hague or Berlin.

(2) *unchanged*

(3) The filing fee and search fee shall be paid within one month of filing the divisional application. If the filing fee or search fee is not paid in due time, the application shall be deemed to be withdrawn.

(3) *unchanged*

(4) The designation fee shall be paid within six months of the date on which the European Patent Bulletin mentions the publication of the European search report drawn up in respect of the divisional application. Rule 39, paragraphs 2 and 3, shall apply.

(4) *unchanged*

### **Present wording**

### **Proposed wording**

#### **Rule 38 Filing fee and search fee**

#### **Rule 38 Filing fee and search fee**

(1) The filing fee and search fee shall be paid within one month of filing the European patent application.

(1) *unchanged*

(2) The Rules relating to Fees may provide for an additional fee as part of the filing fee if the application comprises more than 35 pages.

(2) *unchanged*

(3) The additional fee referred to in paragraph 2 shall be paid within one month of filing the European patent application or one month of filing the first set of claims or one month of filing the certified copy referred to in Rule 40, paragraph 3, whichever period expires last.

(3) *unchanged*

**(4) The Rules relating to Fees may provide for an additional fee as part of the filing fee in the case of a divisional application filed in respect of any earlier application which is itself a divisional application.**

**Present wording**

**Proposed wording**

**Rule 135  
Further processing**

**Rule 135  
Further processing**

(1) Further processing under Article 121, paragraph 1, shall be requested by payment of the prescribed fee within two months of the communication concerning either the failure to observe a time limit or a loss of rights. The omitted act shall be completed within the period for making the request.

(1) *unchanged*

(2) Further processing shall be ruled out in respect of the periods referred to in Article 121, paragraph 4, and of the periods under Rule 6, paragraph 1, Rule 16, paragraph 1(a), Rule 31, paragraph 2, Rule 36, **paragraphs 1(a), 1(b)** and 2, Rule 40, paragraph 3, Rule 51, paragraphs 2 to 5, Rule 52, paragraphs 2 and 3, Rules 55, 56, 58, 59, 62a, 63, 64 and Rule 112, paragraph 2.

(3) The department competent to decide on the omitted act shall decide on the request for further processing.

(2) Further processing shall be ruled out in respect of the periods referred to in Article 121, paragraph 4, and of the periods under Rule 6, paragraph 1, Rule 16, paragraph 1(a), Rule 31, paragraph 2, Rule 36, **paragraph [...]** 2, Rule 40, paragraph 3, Rule 51, paragraphs 2 to 5, Rule 52, paragraphs 2 and 3, Rules 55, 56, 58, 59, 62a, 63, 64 and Rule 112, paragraph 2.<sup>1</sup>

(3) *unchanged*

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<sup>1</sup> In CA 91/13 it is proposed to further amend Rule 135(2) EPC. That amendment would enter into force at a later stage and is therefore not included in the proposed wording

## PART II

### Draft

DECISION OF THE ADMINISTRATIVE COUNCIL  
of [date of decision]  
amending Rules 36, 38 and 135 of the Implementing  
Regulations to the European Patent Convention

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THE ADMINISTRATIVE COUNCIL OF THE EUROPEAN PATENT ORGANISATION,

Having regard to the European Patent Convention (hereinafter referred to as "EPC") and  
in particular Article 33(1)(c) thereof,

On a proposal from the President of the European Patent Office,

Having regard to the opinion of the Committee on Patent Law,

HAS DECIDED AS FOLLOWS:

#### Article 1

The Implementing Regulations to the EPC shall be amended as follows:

1. Rule 36(1) shall read as follows:

"(1) The applicant may file a divisional application relating to any pending earlier European patent application."

2. The following paragraph 4 shall be added to Rule 38:

"(4) The Rules relating to Fees may provide for an additional fee as part of the filing fee in the case of a divisional application filed in respect of any earlier application which is itself a divisional application."

3. Rule 135(2) shall read as follows:

"(2) Further processing shall be ruled out in respect of the periods referred to in Article 121, paragraph 4, and of the periods under Rule 6, paragraph 1, Rule 16, paragraph 1(a), Rule 31, paragraph 2, Rule 36, paragraph 2, Rule 40, paragraph 3, Rule 51, paragraphs 2 to 5, Rule 52, paragraphs 2 and 3, Rules 55, 56, 58, 59, 62a, 63, 64 and Rule 112, paragraph 2."

Article 2

1. This decision shall enter into force on 1 April 2014.
2. It shall apply to divisional applications filed on or after that date.

Done at Munich, [date of decision]

For the Administrative Council  
The Chairman

Jesper KONGSTAD