

# CHANGES TO LANGUAGE-RELATED FEE REDUCTIONS



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Rule 6 of the European Patent Convention (EPC), set out in a Notice from the European Patent Office (EPO) dated January 10, 2014, introduced changes to the EPO's old language-related fee-reduction system.

The new EPC Rule 6 entered into force on April 1, from which date "small applicants" who are either nationals, even though they reside abroad, or have a principal place of business in an EPC contracting state with an official language other than English, French or German, may benefit from a reduction of 30 percent of the filing fee and the examination fee, 10 percent more than previously.

The definition of a small applicant has three categories:

- Natural persons;
- Micro, small and medium-sized enterprises (SMEs), which are businesses that according to their latest approved annual accounts:
  - Employ fewer than 250 people; and
  - Have an annual turnover not exceeding €50 million and/or an annual balance sheet total not exceeding €43 million and for which no more than 25 percent of the capital is held directly or indirectly by another company that is not an SME (just one of the two financial criteria need to be fulfilled and the relationship with other enterprises must be taken into account); and
- Non-profit organisations, universities and public research organisations.

In this context, these are defined as follows:

- Non-profit organisations: organisations "not allowed by their legal form or statutes, under the relevant law, to be a source of income, profit or other financial gain to their owners". If allowed to make a profit, there is a legal or statutory obligation to reinvest the profits made in the interest of the organisation.
- Universities: institutions of higher education and research, under the relevant law. Comparable entities, such as secondary or higher-education establishments, will be considered to be universities.
- Public research organisations: entities such as universities or research institutes that are organised under public law and, irrespective of how they are financed, have the primary goal of conducting fundamental research, industrial research or experimental development and of disseminating the results by way of teaching, publication or technology transfer.

All profits must be reinvested in carrying out these activities, in disseminating the results or in teaching.

It is an explicit requirement that the applicant files a declaration of entitlement

**"THE DECISIVE TIME FOR BENEFITING FROM THE EPC'S NEW RULE 6 IS THE TIME WHEN BOTH REQUIREMENTS—PAYMENT OF THE EXAMINATION FEE AND FILING OF THE DECLARATION—ARE FULFILLED."**

as a small applicant. The decisive time for benefiting from the EPC's new Rule 6 is the time when both requirements—payment of the examination fee and filing of the declaration—are fulfilled. So, although the declaration can be filed up to expiry of the period for payment of the relevant fee, to be on the safe side the applicant should file the declaration as early as possible.

In the case of multiple applicants, each applicant must be a small applicant to obtain the reduction. If the patent application is transferred, the status of the new applicant applies. The new applicant can benefit from the fee reduction only if he/she declares that he/she is also a small applicant. In case of non-entitlement, the complete fee must be paid.

The EPO automatically grants the reduction on the basis of the applicant's declaration of entitlement but will carry out random checks on pending patent applications in order to verify whether the eligibility criteria were actually fulfilled.

If the EPO finds out that the applicant was not entitled to the fee reduction, the reduced fee will be deemed not to have been paid and the application will be deemed withdrawn. Although the loss of rights can be remedied by filing a request for further processing or by requesting a decision, all efforts should be made to ensure that the declaration is signed based on the true data.

While the new rule obviously applies to new filings, it is a bit more tricky for pending applications during the transitional period.

The new EPC Rule 6 applies to Euro-PCT (Patent Cooperation Treaty) applications for which the 31-month period for the regional entry of the EPO stage expired on or after April 1, provided no request for early regional entry had been filed and provided that all applicable requirements for the purpose of the regional entry had been fulfilled before April 1.

In an unknown transitional period, the EPO will invite the applicant to either file the declaration under EPC Rule 6 or pay the missing amount of the examination fee.

Very large enterprises can no longer obtain language-related fee reductions. ■

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