

Meeting of International Authorities under the Patent Cooperation Treaty (PCT)

**Twenty-Seventh Session
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PILOT ON THE TRANSFER AND NETTING OF PCT FEES

Document prepared by the International Bureau

SUMMARY

1. The pilot on transfer and netting of certain PCT fees has been successful with receiving Offices (ROs) and International Searching Authorities (ISAs) alike. The initial implementation has been done so as to minimize the effort needed by Offices to be able to participate. However, for the system to be efficient for the International Bureau to administer and to deliver all of the intended benefits to national Offices, efforts will be needed to move towards the exchange of fee-related data in more consistent, machine-readable formats. Also, for the system to be fully effective, it is important that the remaining ISAs and ROs participate in the WIPO Fee Transfer service.

BACKGROUND

2. The PCT Working Group, at its ninth session in May 2016, discussed a document prepared by the International Bureau that set out various possible measures to reduce the risk of exposure of PCT fee income to movements in currency exchange rates (document PCT/WG/9/9 and paragraphs 21 to 36 of document PCT/WG/9/27).

3. The International Bureau subsequently developed a pilot “netting structure” for the transfer of PCT fees, outlined at the tenth session of the PCT Working Group (see document PCT/WG/10/6 and paragraphs 19 to 21 of document PCT/WG/10/24). Progress was reported to the eleventh session of the PCT Working Group (see document PCT/WG/11/4 and paragraphs 46 to 51 of document PCT/WG/11/26).

4. The twelfth session of the PCT Working Group considered an evaluation of the results of the netting pilot in 2018 that was conducted in March and April 2019 (Annexes I and II to document PCT/WG/12/19). The pilot had been received favorably by Offices acting both in roles as collecting and as beneficiary Offices. The pilot had originally been introduced as a means to reduce the International Bureau's exposure to exchange rate fluctuations. The main benefits for the International Bureau came from greater control of the timing and processing of currency exchange and from being able to maintain smaller current account balances in certain currencies due to the need to transfer only "net" amounts between Offices. However, while such netting was also beneficial for some national Offices, it was not possible in all cases due to national accounting laws or procedures. The pilot also allowed for transfer of fees between Offices via the International Bureau without netting. This offered benefits to national Offices from reduced administrative work, especially for Offices transferring fees to or receiving fees from several other Offices. Transfer of fees via the International Bureau will also offer the possibility for more effective and complete integration with other services, such as eSearchCopy.

5. The twelfth session of the PCT Working Group agreed that, in view of the success of the pilot, it would be appropriate to amend the PCT Regulations to make the arrangements more formal and consistent (see document PCT/WG/12/20). In view of the fact that "netting" as such was an optional part of the pilot and not appropriate for some Offices, it was also agreed provisionally to refer to the service as "the WIPO Fee Transfer Service". Netting would refer specifically to those cases where an Office and the International Bureau agree to offset amounts due to each Office against one another and only to transfer the net amount.

6. The PCT Assembly subsequently approved amendments to the PCT Regulations with effect from July 1, 2020 (see document PCT/A/51/2).

CURRENT STATUS

7. The WIPO Fee Transfer Service is currently used for the transfer of fees between 41 ROs and five ISAs (excluding the case of fees being transferred to ISAs only from the receiving Office of the International Bureau, which uses the same underlying services), though transfers are not yet in all possible combinations. Several Offices are expected to begin to use the Service in the near future. The European Patent Office has indicated that, by the end of 2020, it hopes to use the Service for the receipt of fees from all of the 119 ROs, other than its own, for which it is competent and both the Japan Patent Office and Austrian Patent Office have expressed similar hopes.

8. IP Australia, the National Institute of Industrial Property of Chile, the Spanish Patent and Trademark Office, , the Korean Intellectual Property Office and the Intellectual Property Office of Singapore are currently considering joining the system in their capacity as ISA¹. If these Offices, as ISAs, agree to participate, the work effort involved for both ISAs and the International Bureau (IB) in processing claims for foreign exchange losses under Rule 16.1.(e) would be removed, thus also eliminating the cost of such losses which must now be financed by WIPO's budget. In addition, their joining would enable participating ROs to reduce costs by combining the transfer of search fees payable to these ISAs with other bank transfers paid to the IB. Should these Offices agree to participate as ISAs over 95 per cent of search fees collected by one Office for the benefit of another will be processed through the WIPO Fee Transfer Service, simplifying processing and reducing costs for the entire PCT system. Proposals for participation will also be sent to the remaining ISAs during 2020.

9. Because the fee information is received from collecting Offices in a wide range of different formats, some of which are not machine-readable, the administration of the service has not yet

¹ The Spanish Patent and Trademark Office and the Intellectual Property Office of Singapore are already participating in their role as RO.

been properly automated for many of the relevant Office pairs. Overall, the administration within the PCT System is reduced, but the workload at the International Bureau has increased because of the need to check the indicated amounts against what would be expected in view of the bibliographic data on file, such as the relevant Offices, amounts payable on the relevant dates and data relevant to eligibility for fee reductions. Additional resources have been assigned to handle this work manually. It is hoped that this will be a short-term measure, with most of the checks being automated in the near future and manual work being limited largely to resolving apparent errors. Should the remaining ISAs that are submitting claims for exchange differences join the WIPO Fee Transfer Service there would also be a positive impact on work effort at the IB.

NEXT STEPS

10. A PCT Circular will be issued shortly, proposing modifications to the PCT Administrative Instructions relating to the WIPO Fee Transfer Service. The proposals aim to formalize the Service without initially requiring any changes on behalf of national Offices, whether using the Service or not. However, the proposals will also set out a way forward for the future towards Offices exchanging fee information in a consistent, machine-readable format, which will allow the International Bureau to offer an enhanced service, offering real-time validation of fee information for both collecting and beneficiary Offices, while eliminating the need for the additional staffing that is currently required for manual validation work.

11. The International Bureau has developed a tool to generate fee-related XML information for fees collected, which is currently in use by a number of ROs. This tool is being integrated into ePCT so that it can generate the XML reliably without manual effort and the associated risk of errors being introduced. This integration will also improve the efficiency and reliability of the eSearchCopy service for relevant Offices. A first stage of this integration is expected to be released in February 2020, with further improvements and extension to handling fees received by International Preliminary Examining Authorities later in the year.

12. The eventual aim of the work in this area is to offer near real time information on the status of fee payments and transfers to applicants and all Offices concerned (receiving Office, International Bureau and International Searching and Preliminary Examining Authorities), with validations immediately highlighting any discrepancies between the amounts received/transferred and the amounts expected in view of the bibliographic data available. In addition, it is hoped that this service will underpin the possibility of collection of fees by one Office on behalf of another, notably covering:

- (a) the immediate payment of fees in relation to new applications filed at an RO through a filing system hosted by another Office, in particular ePCT-Filing;
- (b) the payment of additional search or preliminary examination fees by applicants who have difficulty transferring money directly to the relevant International Authority; and
- (c) the immediate payment of international preliminary examination fees by applicants using ePCT to prepare a demand.

13. The Meeting is invited to note the contents of this document.

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