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INTERNATIONAL PATENT COOPERATION UNION

(PCT UNION)

PREPARATORY COMMITTEE

First Session

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LEVEL OF FEES AND SALES PRICES

Memorandum by the International Bureau

1. The Report of the Working Group on Budgetary Questions of the Patent Cooperation Treaty (hereinafter referred to as "the Budget Working Group"), adopted on March 4, 1977, states that "it was suggested that the International Bureau should study the possibility of fixing the fees for the initial period of the PCT at a specially low level in order to increase the attractiveness of the system for the users, at least during that period, provided lower fees would not have very significant budgetary implications. Lower fees could contribute in an important way to a more rapid growth of the number of international applications filed." (document PCT/WG/BUD/I/6, paragraph 29).
2. In the following, the said "initial period" is considered as one year: seven months (from June 1) in 1978 and five months (until the end of May) in 1979.
3. According to the estimates on which the Budget Working Group based its considerations, the PCT would have become operational on July 1, 1978, rather than June 1, 1978. On that assumption, and on the basis of the level of fees and prices referred to in document PCT/PREP/I/2, the income (for six months) in 1978 would have been 502,000 Swiss francs and in 1979 (for 12 months) 1,560,000 Swiss francs. Taking 7/6 of the first amount (to cover seven months in 1978) and 5/12 of the second amount (to cover five months in 1979), the income would, for the first operational year, be 1,240,000 Swiss francs.
4. For the same period of the first year, the estimated expenditure, on the same basis would be (7/6 of 1,831,000 + 5/12 of 3,808,000 =) 3,723,000 Swiss francs, reduced by 180,000 Swiss francs (i.e., one third of the reduction in expenditure of 537,000 Swiss francs over the three-year period 1978-1980--see document PCT/WG/BUD/I/6, paragraph 52(ii)). Total expenditure would therefore be 3,543,000 Swiss francs. Thus the deficit would be (3,543,000 - 1,240,000 =) 2,303,000 Swiss francs.

5. If now the fees and prices were, for the first year, to be lowered by approximately 30%, the income would be (70% of 1,240,000 =) 868,000 Swiss francs. Consequently, the deficit would be (3,543,000 - 868,000 =) 2,675,000 Swiss francs. In other words, the deficit would increase by (1,240,000 - 868,000 =) 372,000 Swiss francs or by approximately 10% of the expected expenditure. Naturally, if the reduction of the fees and prices cause a substantial increase in the number of international applications filed and the number of copies of PCT applications sold, the deficit may be less.

6. Thus the change, in the financial situation of the PCT Union, caused by a lowering of 30% of the fees and prices during the first year of operations would be, both in absolute figures and in percentages, marginal. One could even contemplate a lowering by more than 30%.

7. The increased deficit, should it really materialize, would be carried forward on the accounts of the subsequent year or years.

8. Even if a lowering of the fees (between 30% and 50%) were recommended by the Preparatory Committee for the first operational year, the International Bureau would not ask for an increase of the contributions either for 1978 or for 1979.

9. The Preparatory Committee may, if it decides to recommend lower fees than contemplated in document PCT/PREP/I/2, wish to recommend that the Assembly of the PCT Union be convened in extraordinary session towards the end of the one-year period, and modify the fees, if desirable, in the light of the trend in the number of international applications filed and other factors which only experience will allow to discern.

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