

## **Patent Cooperation Treaty (PCT) Working Group**

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### **WIPO FEE TRANSFER SERVICE: STATUS REPORT**

*Document prepared by the International Bureau*

#### **SUMMARY**

1. This document provides an update on participation of Offices in the WIPO Fee Transfer Service, which now includes more than 60 IP Offices. The International Bureau has invited other Offices to participate, which would bring about more benefits for the WIPO Fee Transfer Service. Participating Offices are encouraged to exchange notifications and fee information in XML format in conformity with the published DTD, which would enable future developments towards providing near real-time information on fee payments and transfers.

#### **BACKGROUND**

2. In April 2018, a pilot “netting structure” started for the transfer of PCT fees between Offices via the International Bureau. The goal of the pilot was to reduce bank transfer fees and risks from fluctuations in foreign exchange rates, as well as to simplify the processing of transactions. Transferring fees via the International Bureau also enables the International Bureau to review international applications where it transmits the search copy to the International Searching Authority (ISA) through the eSearchCopy service to ensure that the applicant has paid all fees before the transmission.

3. Following the success of the pilot, amendments to the PCT Regulations and modifications to the Administrative Instructions entered into force from July 1, 2020 to formalize the fee transfers that took place under the pilot, creating the WIPO Fee Transfer Service (“the Fee Transfer Service”). Annex G of the Administrative Instructions sets out the details for Offices to notify the receipt of payments and fee information and for the transfer of fee amounts under the Fee Transfer Service.

## PARTICIPATING RECEIVING OFFICES AND INTERNATIONAL AUTHORITIES

4. In accordance with paragraph 7 of Annex G of the Administrative Instructions, the International Bureau published a list of the fee transfers for participating Offices that are part of the Fee Transfer Service in the PCT Gazette on November 20, 2020. Three further Offices notified the International Bureau of participation in the Fee Transfer Service between November 21, 2020 and March 31, 2021; the International Bureau published a list of the fees involved for these Offices in the PCT Gazette on April 8, 2021. Furthermore, the International Bureau has received search fees from the receiving Offices (ROs) of Kazakhstan and Portugal, and the RO of Croatia has sent a notification to participate in the future. The International Bureau intends to publish information in the PCT Gazette on a quarterly basis on new participating Offices and the fee transfers from these Offices that are part of the Fee Transfer Service.

5. As of April 30, 2021, 62 Offices participate in the Fee Transfer Service in their capacity as an RO, transferring search fees for the benefit of at least some of their competent ISAs via the International Bureau. Thirteen Offices participate in the Fee Transfer Service in their capacity as an International Searching and Preliminary Examining Authority, receiving search fees from at least some ROs via the International Bureau. The Offices participating in their capacity as an ISA are the following: the Austrian Patent Office, IP Australia, the Brazilian National Institute of Intellectual Property, the European Patent Office, the Spanish Patent and Trademark Office, the Israel Patent Office, the Japan Patent Office, the Korean Intellectual Property Office, the Federal Service for Intellectual Property of the Russian Federation (ROSPATENT), the Swedish Intellectual Property Office, the Intellectual Property Office of Singapore, the United States Patent and Trademark Office and the Nordic Patent Institute. Four of the remaining 10 ISAs (the IP Offices of Finland, the Philippines, Turkey and Ukraine) are competent only for their respective nationals and residents. For the other non-participating ISAs, the International Bureau is discussing participation with the Authority or will be inviting the Authority to join the Fee Transfer Service pending clarification of certain banking and currency issues for some of these Authorities.

## TRANSFER OF SEARCH FEES

6. Table 1 shows the number of search fees transferred via the International Bureau since 2018 where the ISA is a different Office from the RO. Over the past three years, the proportion of these search fees transferred via the International Bureau has risen to 97.7 per cent.

		2018	2019	2020
International Search performed by different Office from RO	RO transferring search fee via the International Bureau	38,231	43,688	58,186
	RO transferring search fee directly to the ISA	24,966	19,135	1,374
	Sub-total	63,197	62,823	59,560
International Search performed by same Office as RO (ISA=RO)		189,562	202,550	205,767
Total Number of Search Fee Transfers		252,759	265,373	265,327
Percentage of Search Fees transferred via the International Bureau excluding ISA=RO		60.5%	69.5%	97.7%

Table 1: Numbers of Search Fee Transfers via the International Bureau and directly to the ISA since 2018

## **SEARCH FEE CURRENCIES UNDER THE FEE TRANSFER SERVICE**

7. The Fee Transfer Service may accept search fees collected by ROs in any currency for which an equivalent amount has been established under Rule 16.1(d)(ii). However, ROs must choose one currency to transfer fees to the International Bureau for each ISA. If possible, ROs should use one currency for the transfer of search fees, international filing fees and handling fees to the International Bureau to reduce bank charges and simplify banking procedures in both the RO and International Bureau by sending one transfer covering all fees. However, certain ROs continue to send search fees and filing/handling fees in different currencies to conform to internal treasury requirements. Under the Fee Transfer Service, the International Bureau accepts fees from participating ROs in 14 currencies and transfers search fees to participating ISAs in eight currencies. The International Bureau transfers search fees to each ISA in their fixed currency in the amount applicable at the international filing date of the application, except for the Israel Patent Office that has requested to receive search fees in United States dollars.

## **REDUCTION OF CLAIMS UNDER RULE 16.1(e)**

8. One of the goals of the Fee Transfer Service is to reduce the foreign exchange risk under Rule 16.1(e) to the International Bureau. Under this provision, the International Bureau is required to reimburse ISAs for losses due to differences between amounts of the search fee in the fixed currency and in the prescribed currency when converted into the fixed currency. ISAs are also required to pay the International Bureau for gains due to these differences. The process for making these payments requires ISAs to submit claims to the International Bureau, which involves significant work reviewing the claims. The five Offices that have submitted claims since 2017 now all participate in the Fee Transfer Service in their capacity as an ISA. While these Offices are competent ISAs for some ROs that are not participating in the Fee Transfer Service, the amounts reimbursed under this provision should be nominal, in contrast to amounts that have exceeded 500,000 Swiss francs in some recent years.

## **FUTURE PARTICIPATION BY RECEIVING OFFICES**

9. While the Fee Transfer Service now covers most ISAs and ROs, including those ISAs receiving the highest volume of search fees from other ROs, until all ISAs and ROs are participating the full benefits will not be realized. However, without participation from all ROs that have specified that ISA as competent to search international applications, the ISA will continue to receive search fees from non-participating ROs directly, requiring different processes depending on the RO. The costs and inefficiencies for the International Bureau and ISAs of maintaining two processes for managing search fees will remain. Moreover, where the prescribed currency for the non-participating RO to receive the search fee is different from the fixed currency, the process of making payments under Rule 16.1(e) due to differences in currency conversions will continue to take place. Of the 118 Offices that act as an RO, more than 50 do not yet participate in the Fee Transfer Service. The International Bureau has invited almost all ROs that have received an international application since 2016 specifying an ISA that participates in the Fee Transfer Service, and intends to follow up on these invitations and seek to find solutions to any issues that may prevent an RO from participating. ROs that do not yet participate in the Fee Transfer Service are welcome to contact the International Bureau at: [income.pct@wipo.int](mailto:income.pct@wipo.int) and at: [fee.pct@wipo.int](mailto:fee.pct@wipo.int) to discuss arrangements to enable them to join the Fee Transfer Service.

10. Several ISAs have indicated that they would like to make it mandatory for all ROs for which they are competent to act as ISAs to transmit fees only through the Fee Transfer Service and not directly. This can be achieved through amendment of Annex A of their Agreements with the International Bureau under Article 16(3)(b) to add use of the Service as a requirement for specifying the ISA as competent, without the need to modify the Administrative Instructions. Since this would be a reduction in their potential competence, the amendment would need to be agreed with the Director General under Article 11(2) of the relevant Agreement. However, the

Director General would be open to agreeing such amendments provided that sufficient notice were given to allow ROs to make appropriate arrangements and that it did not leave any RO without a competent ISA to specify.

## **EXCHANGE OF FEE INFORMATION**

11. Where a fee transfer is part of the Fee Transfer Service, paragraph 9 of Annex G sets out the procedure under Rule 96.2(b) for the Office collecting the fee (“the collecting Office”) to notify the International Bureau when it has received the fee. As stated in paragraph 13 of Annex G, the collecting Office is also required to transmit information to the International Bureau on the fees collected over the preceding month or other agreed interval that are part of the Fee Transfer Service, along with any corrections or omissions of fees transferred, or which should have been transferred, in previous months.

12. Annex G provides flexibility in the format for collecting Offices to make notifications of receipt of a fee under paragraph 9, and for transmitting the information on the fees collected under paragraph 13. Under paragraph 10 for the notification, and paragraph 14 for transmitting the fee information, the format shall be agreed between the collecting Office and the International Bureau. Both these paragraphs indicate a preference for collecting Offices to use XML format, conforming to the relevant DTD. The DTD is published on the WIPO website.

13. The transmission of fee information in machine-readable XML format will allow Offices to conduct fee transfers more efficiently, and applicants and Offices to access high quality information on the status of fee payments and transfers. Machine-readable information is necessary for automation of the checks that the International Bureau performs under paragraph 17 of Annex G to ensure consistency with the amounts expected in view of the bibliographic data on file. A consistent machine-readable format will also allow for the International Bureau to provide real-time validation of fee information for collecting and beneficiary Offices. The International Bureau therefore encourages Offices that are not currently providing search fee payment information in XML to use this format.

14. A tool has been available in ePCT since April 2020 for ROs to generate information in the recommended XML format for transmission to the International Bureau on fees collected on selected international applications. This could be particularly useful for smaller ROs to generate the relevant fee information in the desired format. The selection of international applications by the user at the RO is a manual process. The International Bureau intends to improve this feature and extend it to handling fees received by International Preliminary Examining Authorities in future ePCT releases.

## **FUTURE DIRECTION**

15. 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. This should permit any errors to be corrected immediately, reducing the risk of errors remaining by the time that monthly transfers occur, significantly reducing accounting burdens for collecting and beneficiary Offices alike. 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.

*16. The Working Group is invited to note the progress and comment on the future work to develop the WIPO Fee Transfer Service.*

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