

Patent Cooperation Treaty (PCT) Working Group

Sixth Session
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PCT FEE REDUCTIONS

Document prepared by the International Bureau

SUMMARY

1. The present document sets out the discussion paper requested by the Working Group at its fifth session (see the Summary by the Chair of the fifth session of the Working Group, document PCT/WG/5/21, paragraph 10, and the report of that session, document PCT/WG/5/22 Rev., paragraph 52) on the issue of PCT fee reductions, addressing both:

- (a) the issue of fee reductions for small and medium sized enterprises (“SMEs”), universities and not-for-profit research institutes, especially but not limited to those from developing and least developed countries; as well as
- (b) the issue of eligibility criteria for fee reductions for certain applicants from developing and least developed countries.

2. On both issues, in view of the International Bureau, more discussion and agreement by Member States on matters of principle appears necessary prior to developing (further) detailed proposals.

FEE REDUCTIONS FOR SMALL AND MEDIUM SIZED ENTERPRISES, UNIVERSITIES AND NOT-FOR-PROFIT RESEARCH INSTITUTES

BACKGROUND

3. In the context of the discussions on the need for improving the functioning of the PCT system (“PCT Roadmap”), Member States at the third session of the Working Group held in June 2010 endorsed the recommendation that the International Bureau and Member States should “further review the level of fees for different types of applicant and seek innovative solutions to the problem of ensuring that applicants are not excluded from use of the system by the level of the fees” (document PCT/WG/3/2, paragraph 191, and document PCT/WG/3/14, paragraphs 111 and 112).

4. At its fifth session in 2012, the Working Group—while noting both the complexity of the issue generally and the challenge of finding a financially sustainable way forward to make the PCT system more accessible—requested the International Bureau to prepare a discussion paper on the issue (see the Summary by the Chair of the third session of the Working Group, document PCT/WG/5/21, paragraph 10, and the report of that session, document PCT/WG/5/22 Rev., paragraph 52).

5. This part of the present document sets out the “discussion paper” requested by the Working Group on the possible introduction of PCT fee reductions for SMEs, universities and not-for-profit research institutes. It raises a number of issues which, in the view of the International Bureau, require discussion and agreement by Member States prior to developing a possible detailed proposal, such as:

- (a) the rationale and effectiveness of differentiated fees for SMEs, universities and not-for-profit research institutes;
- (b) the potential impact of such fee reductions on PCT income and possible ways to introduce such fee reductions in a financially sustainable, income-neutral way;
- (c) possible eligibility criteria for such fee reductions; and
- (d) implementation issues that would need to be addressed.

RATIONALE AND EFFECTIVENESS OF DIFFERENTIATED FEES FOR SMES, UNIVERSITIES AND NOT-FOR-PROFIT RESEARCH INSTITUTES

6. As the outset, it is to be noted that, generally, fees in the patent system have two distinct functions. The first function of fees in the patent system is to serve to recover the costs that a patent office incurs in processing and examining patent applications — including the variable costs associated with each patent filing and the fixed costs of investing in infrastructure and technology. The second function of fees in the patent system is to serve as a regulatory tool to influence patent filing behavior in a way that best serves society’s interest.

7. In the PCT context, in addition to the costs that WIPO incurs in processing PCT applications, PCT fees are also—in accordance with the generally agreed funding model—to serve to fund many of the Organization’s other, non-PCT related activities. Noting that PCT fee income accounts for more than 70 per cent of the Organization’s income, the cost recovery function thus appears to be of particular importance. Consequently, should there be agreement to modify the structure of the PCT Schedule of Fees so as to use PCT fees as a regulatory tool to incentivize the filing of applications by SMEs, universities and research institutes, there would appear to be the need to do so in a way which is consistent with the Organization’s cost recovery objectives (see paragraphs 23 to 36, below).

8. The discussion that follows focuses on the second regulatory function of fees; it specifically reviews the rationale and effectiveness of differentiated fees for SMEs. In doing so, one should keep in mind that one policy instrument can usually serve only one policy objective; in particular, cost recovery objectives may imply fee levels that, from a regulatory viewpoint, could be either too low or too high. Nonetheless, even when cost recovery poses a binding constraint, it is still worth asking how alternative fee *structures* can promote certain regulatory objectives.¹

9. In assessing the rationale and effectiveness of a fee discount for SMEs, two questions appear important: first, to what degree do patent fees influence filing behavior; and second, why extend a fee preference to SMEs?

To what degree do patent fees influence filing behavior?

10. That fees should have an effect on the propensity of applicants to file a patent application may not seem entirely obvious, given that in most countries these fees only make up a relatively small share of the overall costs of patenting and an even smaller share of the overall R&D costs.² Ultimately, it is an empirical question. A considerable number of studies exist that provide insightful evidence. In a nutshell, these studies suggest that, yes, fees matter, but they only have a modest influence on filing behavior.

11. To begin with, surveys of firms and IP professionals reveal that patent applicants view fees affecting the use of the patent system. For example, 40 per cent of the U.S. manufacturing firms surveyed by Cohen et al (2000)³ indicate high application cost as a reason for not patenting.⁴ Unfortunately, survey studies face two important limitations. First, they often ask about patenting costs in general, including attorney and possibly translation costs; to what extent respondents think of the fees charged by patent offices is not always clear. Second, survey findings establish that patent fees matter for filing decisions, but they do not offer insight into their quantitative importance.

12. Econometric studies that exploit cross-jurisdictional or time-series variation in patent fees can overcome these deficiencies. A considerable number of such studies exist, focusing on different fee components and jurisdictions and employing varying statistical approaches. A detailed review of these studies would go beyond the scope of this document.⁵ In summary, they almost universally find a statistically significant negative relationship between patent fees and filing volumes. However, the relationship is “inelastic”, meaning that a 10 per cent increase in fees leads to a (far) less than 10 per cent decrease in application volumes. In other words, fee changes need to be sufficiently large for them to exert a substantial effect on filing volumes.

¹ Gans et al (Gans, J., S. King, and R. Lampe. (2004). “Patent renewal fees and self-funding patent offices.” Topics in Theoretical Economics, 4(1), p. 1147) and Baudry and Dumont (Baudry, M. and B. Dumont. “A Bayesian real option approach to patents and optimal renewal fees.” LEMNA Working Paper 2009/09) develop formal models of optimal fee setting under a cost recovery constraint.

² For example, see Park, W. (2010). “On patenting costs.” The WIPO Journal, 2(1), pp. 38-48.

³ Cohen, W., J. Nelson, and J. Walsh. (2000). “Protecting their intellectual assets: Appropriability conditions and why U.S. manufacturing firms patent (or not).” NBER Working Paper, No. 7552.

⁴ de Rassenfosse and van Pottelsberghe (de Rassenfosse, G. and B. van Pottelsberghe. (2012). “The role of fees in patent systems: Theory and evidence.” Journal of Economic Surveys, 2(5), p. 806.) discuss additional survey studies pointing in the same direction.

⁵ For a careful review of the econometric literature, see de Rassenfosse and van Pottelsberghe (footnote 4).

13. While the existing evidence provides important guidance, two additional considerations are important for evaluating the case for an SME fee discount. First, do SMEs exhibit a different fee elasticity compared to the overall population of applicants? Conceptually, one could argue that SMEs should respond more strongly to patent fee changes, as their patenting filings activities may face tighter budget constraints. In addition, SMEs may rely less on specialized attorneys, increasing the share of patent fees in their overall patenting cost. Indeed, one survey found small companies to be more critical of high procedural fees at the European Patent Office than the general population of companies.⁶ However, high fees were only one among a number of reasons why small companies did not make use of the patent system; other important reasons included the length of the patent process, its complexity, and its perceived ineffectiveness in preventing imitation.

14. No studies appear to exist that offer econometric estimates of SME-specific fee elasticities, so it is still open whether and to what degree there is a quantitative difference in behavior.⁷ The same holds for other special IP applicant types, such as universities and research institutes.

15. Second, do PCT applications exhibit a different fee elasticity compared to the current estimates that relate to national (pre-grant) fees? Again, conceptually, there are good reasons to believe that the PCT fee elasticity should be different. PCT filings are a selected set of patent filings through which applicants seek potential protection in more than one jurisdiction. Chiefly, the importance of PCT fees in the overall cost of international patenting will differ from that of national fees in a national or regional patenting context.

16. Unfortunately, no study exists that offers an estimate of the fee elasticity of PCT applications. Such an estimate could offer helpful guidance on the possible impact of an SME fee discount. In particular, a low elasticity value would suggest that a fee discount mainly extends a financial subsidy to beneficiary applicants with little change in filing behavior, whereas a higher elasticity value would suggest a stronger effect on filing behavior.

Why extend a fee preference to SMEs?

17. The rationale for a fee discount for SMEs stems directly from the general premise that these companies are especially vibrant and that they contribute greatly to economic growth and employment generation. A study by the Organization for Economic Cooperation and Development estimates that SMEs represent up to 99 percent of all firms, two-thirds of employment, and over one-half of value added.⁸ In addition, there is evidence that, across countries, the share of SMEs in (formal) economic output is larger in more developed economies.⁹ Similarly, looking at individual economies, it appears that economic growth is associated with an active SME sector.¹⁰

⁶ See European Patent Office. (1995). "Utilisation of patent protection in Europe." World Patent Information, 17(2), pp. 100-105.

⁷ One reason for the lack of econometric evidence is that patent applicants in most jurisdictions do not identify themselves as SMEs, complicating any investigation into their filing behavior.

⁸ OECD. (2010). SMEs, entrepreneurship, and innovation. (Paris, OECD).

⁹ See Ayyagari, M., T. Beck, and A. Demirgüç-Kunt. (2007). "Small and medium enterprises across the globe." Small Business Economics, 29(4), pp. 415-434. One should note, however, that the size of the informal economy explains at least part of this difference.

¹⁰ See OECD. (2010) (footnote 8). Chapter 1.

18. However, this evidence does not imply that an active participation of SMEs *causes* economic growth and economy-wide job creation. Causality may well run the other way.¹¹ Indeed, one widely-cited empirical study using data on the size of the SME sector from 45 countries concludes that “the data do not [...] confidently support the conclusions that SMEs exert a causal impact on growth”.¹²

19. Notwithstanding a large number of SME support programs, there are only relatively few studies that rigorously evaluate their effects of program recipients and economic performance at large. A recent report by the Inter-American Development Bank reviewed the available evidence for countries in Latin America. It found that “[o]n average, small firms – particularly the smallest ones – do not necessarily use resources more productively than medium and large firms”. In addition, it concluded that estimates “suggest that SME programs may indeed boost the productivity of beneficiary firms but, in the aggregate, the effects would be greater if support was open to all firms no matter their size [...]”.¹³

20. It is also worth pointing out that innovation surveys indicate that SMEs, on the whole, innovate less than large firms – both in absolute terms and relative to their turnover.¹⁴ Admittedly, this says little about the (potential) contribution of SME innovation to economic growth. SMEs may precisely innovate less because they face institutional barriers, such as high patenting costs. More importantly, some SMEs – such as start-ups and university spin-offs – may be highly innovative and at the forefront of industrial change.

21. From the viewpoint of the patent system, one can arguably make a stronger case for providing targeted support to young start-up firms, rather than the SME sector as a whole. This is because patents play an important role for such firms – more so than established companies – in attracting financing to enable the further development and commercialization of promising technologies.¹⁵ A similar argument could be made in favor of more “upstream” patenting activity by universities and research institutes. In addition, for those entities, the PCT system can be helpful in facilitating the take up of academic inventions, as applicants can use the 18-month international phase for technology transfer negotiations with interested companies.

22. As a final matter, even if one comes to the conclusion that society would benefit from extending a preference to SMEs, one has to ask whether a fee discount is necessarily the best policy instrument to do so. The relatively low level of PCT fees in relation to the overall international patenting costs suggests that the policy leverage of a fee discount is limited. In addition, the associated increase in the filing volumes imposes a cost by contributing to the workload of patent offices, possibly affecting pendency times.¹⁶

¹¹ One explanation – consistent with the theory of the firm in Coase (Coase, R.H. (1937). “The nature of the firm.” *Economica*, 4(16), pp. 386-405.) – could be that in more developed economies market transactions can better substitute for intra-firm transactions, thus increasing the viability of smaller-sized firms. See also Kumar, K.B., R.G. Rajan, and L. Zingales. (2001). “What Determines Firms Size?” University of Chicago. CRSP Working Paper No. 496.

¹² See Beck, T., A. Demirgüç-Kunt, and R. Levine. (2005). “SMEs, growth, and poverty.” *Journal of Economic Growth*, 10(3), pp. 199-229.

¹³ See IDB. (2010). *The Age of Productivity: Transforming Economies from the Bottom Up*. (IDB, Washington DC).

¹⁴ See OECD. (2010). *SMEs, entrepreneurship, and innovation*. (Paris, OECD).

¹⁵ See, for example, Graham, S., R.P. Merges, P. Samuelson, and T. Sichelman. (2009). “Entrepreneurs and the patent system.” *Berkeley Technology Law Journal*, 23(1), pp. 1071-1090. And Hall, B.H., and R.H. Ziedonis. (2001). “The patent paradox revisited: an empirical study of patenting in the U.S. semiconductor industry, 1979-1995.” *The Rand Journal of Economics*, 32(1), pp. 101-128.

¹⁶ Marco and Prieger (Marco, A. and J. Prieger. “Congestion pricing for patent applications.” Available at SSRN: <http://ssrn.com/abstract=1443470> or <http://dx.doi.org/10.2139/ssrn.1443470>.) analyze optimal fee setting in a model that accounts for congestion in the patenting process. They find that higher patent fees can, up to a certain level, be beneficial if they serve to sufficiently reduce delay cost associated with congestion.

POTENTIAL IMPACT OF FEE REDUCTIONS ON PCT INCOME

23. The second issue which appears to require further discussion by Member States is the potential impact of such fee reductions on PCT income and the need to identify possible ways to introduce such fee reductions in a financially sustainable, income-neutral way for the Organization.

24. At the outset, it is to be noted that there is a considerable lack of reliable data and thus a considerable uncertainty as to the number of applications which could be expected to be filed by the envisaged beneficiaries of the new fee reductions, notably SMEs, due to two main reasons. Firstly, the lack of a universally agreed upon definition of what constitutes an SME, as further elaborated on below. And secondly, the fact that, to date, the International Bureau is only in a position to ascertain (roughly, based on an ex-post analysis) four different types of applicants (business sector applicants, universities, government and research institutions, and individuals¹⁷) but is not in a position to further break down the business sector applicants according to size. Thus, while statistics on the number of international applications filed by universities and by research institutions are available, no such statistics exist for filings by SME.

25. However, when looking at the “bigger picture”, it becomes apparent that any meaningful fee reduction for SME could potentially have a huge impact on PCT income (depending, of course, on the details of the eligibility criteria and exact amount of the fee reduction granted). As referred to in paragraph 17, above, a study by the Organization for Economic Cooperation and Development estimates that SMEs represent up to 99 percent of all firms.¹⁸ In many of the countries belonging to the group of the PCT top 15 countries of origin (such as the countries belonging to the European Union¹⁹, the United States of America²⁰ and Japan²¹), that figure is even higher than 99%.

26. Of course, not all SME use the patent system; on the contrary, engagement of SMEs in the international patent process is lower compared to large enterprises.²² But a recent study on SME patenting in nine (industrialized) countries shows that the share of SMEs in granted patents is considerable, albeit greatly varying from country to country: below 10% in Japan, more than 30% in countries such as Switzerland and the United States, more than 50% in the United Kingdom and more than 60% in Italy.²³ The study suggests that, on average, in the nine countries analyzed, almost 30% of all patents are granted to enterprises qualifying (under applicable national criteria) as SME.

¹⁷ In the PCT, business sector applicants account for the vast majority of published applications (82.8% in 2011), followed by individuals (9.2% in 2011), universities (5.3% in 2011) and government and research institutions (2.6% in 2011). Distribution greatly varies across countries.

¹⁸ OECD. (2010). *SMEs, entrepreneurship, and innovation*. (Paris, OECD).

¹⁹ European Commission, Enterprise and Industry, “Small and medium-sized enterprises (SMEs): Fact and figures about the EU’s Small and Medium Enterprise (SME)” (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/index_en.htm).

²⁰ United States Small Business Administration, Advocacy Small Business Statistics and Research, “How important are small businesses to the U.S. economy?” (<http://web.sba.gov/faqs/faqindex.cfm?areaID=24>).

²¹ Takuya Nishida (Japan Patent Office), “IP Support Services for SME in Japan” (http://www.wipo.int/edocs/mdocs/sme/en/wipo_smes_co_11/wipo_smes_co_11_ref_theme17_02.pdf).

²² See, for example: Alan Hughes and Andrea Mina, “The Impact of the Patent System on SME”, Centre for Business Research, University of Cambridge, Working Paper No.411, September 2010 (<http://www.cbr.cam.ac.uk/pdf/WP411.pdf>).

²³ Rainer Frietsch, Peter Neuhaeusler and Oliver Rothengatter, SME Patenting – An Empirical Analysis in Nine Countries, Fraunhofer Institute for Systems and Innovation Research ISI Karlsruhe, Germany (http://www.isi.fraunhofer.de/isi-media/docs/p/de/vortragsfolien/Poster_SME-Patenting.pdf).

27. If one adds to those figures the PCT filings by universities (5.3% in 2011) and research institutions (2.6% in 2011), the potential impact becomes apparent. To illustrate: if only 20% of the roughly 180,000 applications filed in 2011 (i.e., 36,000 applications) had been filed by SMEs, universities and research institutions eligible for the new PCT fee reductions (which appears to be a conservative figure, given the estimates and concrete filing figures referred to above) and assuming (only for the purposes of this illustration) a reduction of the international filing fee of 50%, PCT income in 2011 would have been reduced by almost 24 million Swiss francs.

28. In the view of the International Bureau, it would thus appear that new fee reductions for SMEs, universities and research institutions could only be introduced if it was possible to find a way to do so in a financially sustainable, income-neutral way for the Organization. In other words, additional sources of income would have to be found to counter-balance the substantial losses resulting from such new fee reductions. In this context, it is worth recalling that the International Bureau in its role as the administrator of the PCT system differs enormously from most national patent Offices (which may provide for reductions of filing fees for certain applicants, such as SME, universities and research institutes) in that its income is derived almost entirely from up-front filing fees; unlike in national patent Offices, there is no stream of renewal fee income against which to offset up-front losses if fees are set below processing costs, quite apart from the costs of the remainder of the Organization's activities which they fund.

29. One such possible source of income which comes to mind would be to abolish or at least greatly reduce already existing PCT fee reductions, such as the existing fee reductions for applications filed in electronic form, as further explored in the following paragraphs.

30. In addition, even if such an additional source of income was found to counter-balance the substantial losses resulting from such new fee reductions, given the lack of reliable data and thus the considerable uncertainty as to the number of applications which could be expected to be filed by the envisaged beneficiaries of the new fee reductions, further consideration would need to be given to the question whether to set an upper-limit as to the overall amount of money which should be made available for such fee reductions in a given year or in a (budgetary) biennium and, if so, how to implement such an upper-limit. Should fee reductions be granted on a "first come, first served" basis until the money made available in a given year/biennium runs out? Should a certain quota for each Member State be set aside to ensure that applicants from countries with few PCT applications filed will not have been "outpaced" by the potentially many thousands of applicants from countries with many PCT applications filed early in the year?

E-filing fee reductions

31. As stated above, one possible source of income to counter-balance the substantial losses resulting from any new fee reductions would be to abolish or at least greatly reduce already existing PCT fee reductions, such as the existing fee reductions for applications filed in electronic form. To illustrate the "potential" of this possible additional source of income: the overall loss of PCT income due to the existing PCT fee reduction for international applications filed in electronic form is very substantial. In 2011, losses due to the e-filing fee reductions totaled more than 30m Swiss francs. Forecasts by the International Bureau for the hypothetical PCT income, set out below²⁴, estimate that, by 2015, the losses due to e-filing fee reductions will increase to more than 45m Swiss francs.

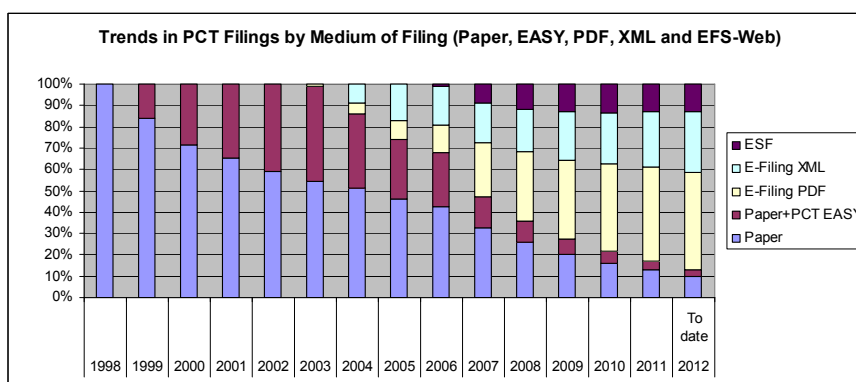
²⁴ PCT Forecast Summary, October 2012, prepared by the WIPO IP Statistics Section, Economics and Statistics Division.

Table 4 - Hypothetical PCT Income

| | Basic | Page | E-reduction | Dev Country | Handling | RO/IB | Income | Growth | Low bound | High bound |
|------|---------|--------|-------------|-------------|----------|-------|----------------|--------|-----------|------------|
| 2010 | 214.786 | 36.945 | -30.115 | -5.049 | 2.779 | 0.820 | 220.166 | 4.9% | | |
| 2011 | 238.414 | 40.090 | -35.144 | -5.515 | 2.737 | 0.792 | 241.374 | 9.6% | | |
| 2012 | 245.627 | 41.425 | -38.229 | -5.335 | 2.842 | 0.854 | 247.183 | 2.4% | -9.185 | +8.999 |
| 2013 | 254.544 | 43.277 | -40.957 | -5.938 | 2.686 | 0.887 | 254.500 | 3.0% | -18.022 | +17.015 |
| 2014 | 264.457 | 45.097 | -43.566 | -6.383 | 2.662 | 0.920 | 263.188 | 3.4% | -22.176 | +20.248 |
| 2015 | 271.059 | 46.287 | -45.326 | -6.736 | 2.657 | 0.951 | 268.892 | 2.2% | -26.202 | +23.359 |

32. Fee reductions for international applications filed at least partially in electronic form (a reduction of 200 Swiss francs of the international filing fee) were first introduced with effect from January 1999 so as to promote the use of the PCT EASY software to prepare and furnish the request and the abstract in electronic form on a computer diskette, with the remainder of the application still filed on paper. With the advent of “real” electronic filing, that fee reduction was extended, with effect from October 2002, to also cover international applications filed in electronic form. So as to further encourage use of the most beneficial e-format for the filing of international applications, new and higher e-filing fee reductions for applications filed in fully electronic form (XML or PDF) were introduced with effect from January 2004, granting a reduction of 300 Swiss francs for applications filed entirely (including the request) in character coded format and 200 Swiss francs for applications filed in PDF where the request was filed in character coded format. At the same time, fee reductions for PCT EASY filings were reduced to 100 Swiss francs. In 2006, a further fee reduction of 100 Swiss francs was introduced where the entire application, including the request, was filed in PDF. Those four different e-filing fee reductions (100 Swiss francs for EASY filings; 100 Swiss francs for EFS-web filings; 200 Swiss francs for PDF filings; and 300 Swiss francs for XML filings) remain in force until today (see the present PCT Schedule of Fees, item 4).

33. Incentivizing applicants to file international applications in electronic form by way of fee reductions has been a great success. As the following graph shows, the percentage of international applications filed in PCT EASY format grew from 0 per cent in January 1999, the year when those filings were first permitted, to about 45 per cent in 2003, the year in which full electronic filing was introduced. Beginning with the launch of fully electronic filing (PDF and XML in 2003, EFS-Web in 2006), the percentage of PCT EASY filings dropped again to just over 3 per cent today, whereas the percentage of international applications filed in fully electronic form (PDF, XML and EFS-Web) grew from 1 per cent in 2003 to more than 87 per cent today.



34. Currently, more than 90 per cent of all international applications are filed in electronic form (EASY, PDF, XML or EFS-Web), with only about 10 per cent of all applications still being filed on paper. The forecast estimates that, by 2015, about 95% of all applications will be filed in electronic form, with only about 5% of applications still being filed on paper.

35. While fee reductions will certainly not have been the only reason for applicants to opt for e-filings instead of paper filings (noting the many other benefits of e-filing for applicants), feedback by applicants received over the years suggest that the e-filing fee reductions have no doubt contributed to the increase in PCT e-filings. However, now that more than 90 per cent (and soon 95 per cent) of all international applications benefit in one way or another from such e-filing fee reductions, resulting in a loss of income for the International Bureau of more than 38m Swiss francs in 2012 and perhaps as much as 45m Swiss francs in 2015, it would appear reasonable to conclude that the fee reductions have more than achieved their original purpose of incentivizing applicants to move to e-filing, and that they thus now can be abolished. In the view of the International Bureau, it appears very unlikely that such a move would cause many applicants to move back to paper filings.

36. Abolishing e-filing fee reductions or at least greatly reducing their scope and amounts would thus appear to be one possible and feasible way to free up substantial resources which could be used for the financing of new fee reductions.

POSSIBLE ELIGIBILITY CRITERIA FOR FEE REDUCTIONS

37. The third issue which appears to require further discussion by Member States is the issue of possible eligibility criteria for fee reductions for SMEs, universities and research institutes.

SME

38. The most important question to be addressed in the context of the possible introduction of fee reductions for SMEs is: what constitutes an SME?

39. Unfortunately, there is no universally accepted definition of an SME. Different countries and multilateral institutions use different criteria for defining SMEs, set by various "official" sources, such as SME agencies, governmental institutions and ministries or national statistical institutions, or intergovernmental bodies such as the European Commission, to name just a few. Almost every country or region in the world appears to have its own definition of an SME, based on a single criterion or a combination of different criteria, such as the number of full-time employees, the amount of annual sales, the amount of total assets in the firm, the amount of investments and/or the requirement of ownership/management independence of larger corporations. The most common criteria for measuring size appear to be "number of employees" and "annual sales".

40. To further complicate the matter, the definition of an SME on the basis of a specific criterion is not uniform across countries. For example, while one country may define an SME to be an enterprise with less than 500 employees, other countries using that same criterion may define an SME to be an enterprise with less than 250, 100 or even less than 10 employees.

41. The following table gives examples of existing definitions and illustrate the lack of an international consensus as to what constitutes an SME:²⁵

²⁵ See also Marta Kozak, "Micro, Small and Medium Enterprises: A Collection of Published Data", International Finance Corporation (IFC), Washington, D.C., (http://rru.worldbank.org/Documents/other/MSMEdatabase/msme_database_0706.xls).

SME Definitions Used by Multilateral Institutions²⁶

| Institution | Maximum No of Employees | Maximum Revenues or Turnover (USD) | Maximum Assets (USD) |
|---|--|------------------------------------|----------------------|
| World Bank | 300 | 15,000,000 | 15,000,000 |
| Multilateral Investment Fund of the Inter-American Development Bank | 100 | 3,000,000 | (none) |
| African Development Bank | 50 | (none) | (none) |
| Asian Development Bank | No official definition; uses only definitions of individual national governments | | |
| UNDP | 200 | (none) | (none) |

42. There have been various attempts in many fora and different contexts to develop a universal definition of what constitutes a SME. However, to date, none of them have been successful, mostly due to diverse structural, cultural and political reasons to adopt different definitions of SMEs that run counter to a universally agreed definition.²⁷

43. There thus appear to be two options as to a possible way forward in the PCT context. The first option would be for Member States to develop and agree on a uniform “stand-alone” set of eligibility criteria for the purposes of PCT fee reductions only. The second option would be to let Member States apply their own national SME definitions and eligibility criteria when deciding on fee reductions for international applications filed with “their” receiving Offices. Clearly, more consideration would have to be given to issues such as the following:

(a) Should the aim be to develop a uniform set of criteria, the question arises as to the possible components of such criteria. Should the aim be to agree on a set of criteria applicable to all Member States, irrespective of factors such as the size of a country, its stage of development or the state of innovation in that country (such as, for example, “an SME is an enterprise with fewer than 250 employees”)? Or should the applicable local/national context in each Member State be taken into account? For example, a possible definition—which would appear to have attracted some support in the literature—could be: “An SME is an enterprise with annual turnover, in U.S. dollar terms, of between 10 and 1000 times the mean per capita gross national income, at purchasing power parity, of the country in which it operates”²⁸.

(b) Should the aim be to let Member States apply their own national SME definitions and eligibility criteria, concerns may arise as to receiving Offices deciding on reductions of a fee in which they do not have a direct interest in (noting that the fee income at stake would be collected not for their own benefit but for the benefit of the International Bureau), with regard to “forum shopping” (to the extent that applicants have the choice of filing their international applications with different receiving Offices) and with regard to a possible “race to the bottom” (that is, a dilution of applicable national criteria in order to support local SMEs when filing international applications).

²⁶ Tom Gibson and H.J. van der Vaart, 2008, “Defining SMEs: A Less Imperfect Way of Defining Small and Medium Enterprises in Developing Countries”, Brookings Global Economy and Development research papers (<http://www.brookings.edu/research/papers/2008/09/development-gibson>).

²⁷ See: Khrystyna Kushnir, “A Universal Definition of Small Enterprise: A Procrustean Bed for SMEs?” Blogs.worldbank.org (<http://blogs.worldbank.org/psd/a-universal-definition-of-small-enterprise-a-procrustean-bed-for-smes>).

²⁸ This definition has been proposed by Tom Gibson and H.J. van der Vaart (see footnote 26, above).

Universities and not-for-profit research institutes

44. What should be the eligibility criteria for universities and not-for-profit research institutes? It would appear that the same issues as those set out in paragraph 43, above, would have to be addressed and agreed upon also in the context of possible eligibility criteria for universities and not-for-profit research institutes.

IMPLEMENTATION ISSUES

45. The fourth issue which appears to require further discussion by Member States is the issue of practical implementation of any new fee reductions.

46. Should there be agreement in principle among Member States to introduce new fee reductions for SME, universities and research institutes, including on the issues outlined above (identification of an additional source of income to counter-balance the loss of PCT income; applicable eligibility criteria), a number of issues concerning the practical implementation of such fee reductions would have to be resolved, including:

(a) Who should be responsible for checking compliance with the eligibility criteria for the fee reduction, should Member States agree on a uniform set of criteria rather than letting Member States apply their own national definitions and eligibility criteria? Should it be the receiving Offices (which collect the international filing fee but would not have a direct interest in the matter, noting that the international filing fee is collected not for their own benefit but for the benefit of the International Bureau) or the International Bureau (which is not directly involved in the collection of the international filing fee and might have practical difficulties verifying compliance with the criteria)?

(b) On the basis of what kind of documentation should a decision be taken? On the basis of official national records (if any), containing proof of the status of an applicant as an SME, university or research institute? On the basis of documentation to be furnished by the applicant? Would "self-certification" by applicants be sufficient?

(c) If there was more than one applicant, would all applicants have to be eligible for the fee reduction?

(d) What should be the consequences, if any, during the international phase and/or the national phase of proceedings in case a non-qualifying applicant would wrongly claim and benefit from a fee reduction?

(e) It appears almost certain that more implementation issues would arise in the process of developing a more detailed proposal.

47. *The Working Group is invited to comment on the issues set out in paragraphs 3 to 46, above.*

FEE REDUCTIONS FOR CERTAIN APPLICANTS FROM CERTAIN COUNTRIES, NOTABLY DEVELOPING AND LEAST DEVELOPED COUNTRIES

BACKGROUND

48. The issue of a reduction in certain fees for applicants from certain countries, notably, developing and least developed countries, has been on the agenda of the Working Group for several years now. For a summary of the discussions by Member States in both the Assembly and the Working Group, see the “background” section in document PCT/WG/3/4 Rev., paragraphs 4 to 10.

49. Following discussions at the thirty-eighth session of the Assembly and the second session of the Working Group, the International Bureau had presented a set of revised proposals (document PCT/WG/3/4 Rev.) to the third session of the Working Group, suggesting that an updated set of criteria, namely, a *combination of income and innovation-based factors*, should be used to determine the eligibility for reduction in certain PCT fees. However, the proposals presented again met with concerns by certain Member States, and the third session concluded with no agreement on the proposed new criteria for the eligibility for reduction in certain PCT fees.

50. In view of the lack of suggestions by Member States as to a possible way forward, and noting the continued divergence of views among Member States as to which criteria to apply to determine which group of countries should benefit from reductions in certain PCT fees, the issue was not on the agenda of the fourth session of the Working Group held in 2011.

51. At its fifth session in 2012, the Working Group—while noting the complexity of the issue and of the issue of finding a financially sustainable way forward to make the PCT system more accessible—requested the International Bureau to prepare a further discussion paper on the issue (see the Summary by the Chair, document PCT/WG/5/21, paragraph 10, and the report of the session, document PCT/WG/5/22 Rev. paragraph 52).

SUGGESTIONS MADE BY CERTAIN DELEGATION DURING THE FIFTH SESSION OF THE WORKING GROUP

52. The International Bureau has further studied the concerns raised and suggestions made by Member States during the third session of the Working Group.²⁹ The following paragraphs contain a brief summary of those concerns and suggestions, followed by remarks by the International Bureau and proposals as to a possible way forward.

Better reflection of development and innovation aspects in criteria

53. During the discussions of the Working Group at its third session, it was suggested that development and innovation aspects needed to be better reflected in the proposed criteria (see the report of the third session of the Working Group, document PCT/WG/3/14, paragraphs 163, 164, 177 and 178).

54. In the view of the International Bureau, from the discussions in the Working Group so far, there appears to be broad agreement among Member States that the aim of the fee reduction should be to give a broad range of applicants from certain countries, notably, least developed and developing countries, the benefit of fee reductions, noting that such a reduction would contribute to increased access to the PCT system by applicants from those countries. That is why the International Bureau had suggested to use a combination of criteria which were strongly related to development and innovation aspects, namely, *the income* of a country as an

²⁹ See the report of the session, document PCT/WG/3/14, paragraphs 158 to 181.

economic indicator of development, taking into account the size of a country, measured by the size of its population; and the state of *innovation*, measured by the number of international applications filed by natural persons who are nationals or residents of a country over a given period of time, both in absolute numbers and taking into account the size of a country, measured by the size of its population.

55. The International Bureau agrees that it would be preferable to have a stronger indicator for innovative activity of a country than PCT filing figures, noting doubts as to the extent to which PCT filing figures alone are a sufficiently reliable and objective indicator of the level of general innovative activity in a particular country. However, as had been explained in document PCT/WG/3/4 Rev., while WIPO (as well as many other international organizations and entities) is continuously striving to improve the collection of data on different measures of innovation, official reliable figures underpinning possible indicators for innovative activity in countries are simply not available for *all* countries whose applicants could potentially benefit from PCT fee reductions (see document PCT/WG/3/4 Rev., paragraphs 19 to 22). That is why the International Bureau had suggested to use PCT filing figures as a possible (and perhaps only) indicator for which figures are available in respect of *all* countries whose applicants could potentially benefit from PCT fee reductions, more specifically, the number of PCT applications filed by applicants from a given country per million population over a 5-year period.

Use of innovation-based criterion

56. During the discussions of the Working Group at its third session, it was suggested to opt for an innovation-based criterion as an indicator of eligibility for reductions in PCT fees as the most suitable mechanism which would help narrow the gap between developed and developing countries (see the report of the third session of the Working Group, document PCT/WG/3/14, paragraphs 159 to 161 and paragraphs 177 and 178).

57. In the view of the International Bureau, this suggestion meets with some concerns if the suggestion was to use that innovation-based criterion as the sole criterion, thus in effect de-linking the eligibility criteria applied to a country from the actual economic status and development of that country.

58. To illustrate: the data on “country profiles” presented in the Annex to this document (which contains an update of the country profiles presented in Annex I to document PCT/WG/3/4 Rev., taking into account data up to the year of 2012) show that, relying on an innovation-based criterion such as the one proposed in PCT/WG/3/4 Rev. (“number of PCT applications filed by applicants who are natural persons”) as the sole criterion for determining the eligibility for fee reductions would result in some countries with (very) high incomes and strong economies (such as, for example, Liechtenstein, Luxembourg and Monaco) benefitting from the reduction in PCT fees, although the economic strength of such countries clearly would seem to suggest that it was not the lack of financial resources but other factors which prevented applicants from such countries from making good use of the PCT system.

Use of income-based criterion

59. During the discussions of the Working Group at its third session, it was suggested that a proposal based merely on income criteria would not promote capacity building and technical assistance, and that a country which was considered a high-income nation but still suffered from a gap regarding innovation and effective use of technology should nevertheless benefit from the fee reduction, in particular if it relied mostly on one product to develop many economic sectors which made its economy more vulnerable; its wealth should therefore not be compared to that of other high income countries (see the report of the third session of the Working Group, document PCT/WG/3/14, paragraphs 162 and 163).

60. To clarify, the proposal presented to the third session of the Working Group was not merely based on income criteria but rather on a combination of income and innovation-based factors. The proposal was, however, to require that a country must meet both the income and the innovation-based criterion in order for its applicants to benefit from the fee reduction, so that a country which did not meet the income-based criteria—while it met the innovation-based criteria—would indeed not be eligible for the fee reduction. In the view of the International Bureau, to suggest not to take the actual economic status into account when determining whether certain applicants from that country should benefit from a reduction in PCT fees would appear to be problematic, for the reasons outlined in paragraph 57, above.

Rationale for proposed thresholds: future review of criteria

61. During the discussions of the Working Group at its third session, further clarification was requested as to how the proposed thresholds for the proposed criteria had been determined. Furthermore, it was suggested that a review process be introduced to allow for the review and update of the criteria and thresholds every five years upon entry into force (see the report of the third session of the Working Group, document PCT/WG/3/14, paragraphs 164 to 167).

62. With regard to the proposed threshold for the income-based criterion, as explained in document PCT/WG/3/4 Rev., paragraph 31, during the discussions in both the thirty-eight session of the Assembly and the second session of the Working Group on the issue of appropriate eligibility criteria for PCT fee reductions, concerns had been raised as to the period of eligibility for those countries “in transition” which, under the previous proposals by the International Bureau, might have—in the medium term—lost their eligibility due to strong economic growth. In addition, it was noted that, despite having reached a relatively high average income, the economies of certain countries might be more fragile than others where incomes were comparable, and that consequently it might still be appropriate to offer assistance for individuals filing international applications. Those concerns led to the revised proposals by International Bureau to increase the income-related threshold to about twice the amount previously proposed (from the previously proposed World Bank’s “high income” threshold of 11,116 US dollars to 25,000 US dollars). In determining this new proposed threshold, the International Bureau was guided by the data presented in the “country profiles” set out in Annex I to document PCT/WG/3/4 Rev.

63. With regard to the proposed thresholds for the two proposed indicators of the innovation-based criterion, the International Bureau was guided by the statistics with regard to PCT filings by applicants who are natural persons in the various PCT Member States, as presented in the “country profiles” set out in Annex I to document PCT/WG/3/4 Rev. While the distribution of PCT applications by “type of applicant” (that is, businesses, universities, government and research institutions and individuals) varies greatly across origins, it considered the thresholds of “10 international applications per year filed by applicants who are natural persons per million population over a period of 5 years” and “50 international applications (in absolute numbers) per year filed by applicants who are natural persons over a period of 5 years” appropriate, having due regard to available statistics on filings by such applicants in all countries with both small and large populations.

64. The following statistic may further be of assistance in evaluating the appropriateness of the proposed thresholds: If one were to take all countries which, under the eligibility criteria proposed in document PCT/WG/3/4 Rev. would qualify for the PCT fee reductions, and exclude those countries whose nationals and residents who are natural persons have filed more than

50 international applications per year (in absolute numbers)³⁰, the average number per country of international applications filed by natural persons per year over the period from 2004 to 2008 was 3.47. In other words, a threshold of “50 international applications per year filed by applicants who are natural persons (in absolute numbers)” would appear to give more than sufficient “room for growth” for smaller countries before approaching the limit as of when those countries would no longer be eligible.

65. In the view of the International Bureau, the suggestion that a review process be introduced to allow for the review and update of the criteria and thresholds every five years upon entry into force would appear reasonable.

Indicators for the innovation-based criterion

66. During the discussions of the Working Group at its third session, it was suggested that the innovation-based criterion which had been proposed by the International Bureau had two indicators which discriminated against countries with small populations and, in essence, that the current indicator linked to population was so seriously flawed that it should not be one of the bases on which countries would be eligible for a PCT fee reduction (see the report of the third session of the Working Group, document PCT/WG/3/14, paragraphs 168 and 176).

67. With regard to the indicator “international applications filed by natural persons per year (per million population)”, it is correct that this indicator (because it is linked to the size of the population of a country) could have extreme effects in very small countries where only a handful of applications would be needed to exceed the limit. That is why the International Bureau had proposed a second innovation-based indicator, not linked to the size of the population of a country (“international applications filed by natural persons per year (in absolute numbers)”, and had proposed to require that a country need only meet one of the two indicators (but not both) to comply with the innovation-based criterion. Thus, a small country, while it may not be meeting the requirements of the first indicator, would still be eligible for the fee reductions if it complied with the income-based criterion and the second indicator (not related to the size of the population of a country) of the innovation-based criterion.

68. With regard to that second indicator, the threshold proposed at the third session of the Working Group was the same for all countries, irrespective of the size of the population of the country concerned, namely, 50 applications per year over a five year period. While this threshold would mean that many countries with a large population may not be meeting the requirements of that second indicator (since they had many more than 50 applications per year filed by natural persons), as stated above, this threshold would appear to give sufficient “room for growth” for smaller countries before approaching the limit of 50 applications per year filed by applicants who are natural persons.

69. On the other hand, should the suggestion have been to not to take the size of the population of a country into account at all when determining whether or not a country met the innovation-based criterion, in the view of the International Bureau, such a suggestion would appear problematic. This would result in countries with a large population not being able to ever meet the innovation-based criterion, since already relatively few (in comparison to the size of the population) applications by natural persons would exceed the limit if set in absolute terms only, rather than also relying on a second indicator which was linked to the size of the population of a country.

³⁰ That is, without applicants from those larger countries which would qualify for the fee reduction based on the income-based criterion and the first indicator of the innovation-based criterion, but not based on the second indicator of the innovation-based criterion: Brazil (139), China (1087.2), Hungary (67.6), India (164.8), Mexico (106.6), Russian Federation (444.8), South Africa (224.4), Turkey (53.4) and Ukraine (71.2).

70. In other words, in the view of the International Bureau, a fair, equitable and balanced solution for both small and large countries would appear to require the innovation-based criterion to be based on two indicators, one taking into account the number of applications filed in a given period in relation to the size of the population of a country (so as to take into account the interests of countries with a large population), and the other taking into account the absolute number of applications filed in that country, irrespective of the size of the population of that country (so as to take into account the interest of countries with a small population). Furthermore, it would appear to require that a country would only have to comply with one of the two indicators to meet the innovation-based criterion.

71. Of course, the application of such a two-pillar innovation-based criterion would result in different (theoretical) overall limits for, on the one hand, countries with a small population and, on the other hand, countries with a large population, resulting from the fact that, for the former, the limit would be determined in absolute numbers (“50 applications per year filed by natural persons”) whereas, for the latter, the limit would be determined in relation to the size of the population of the country concerned (“10 applications per year filed by natural persons per million population”). This, however, would appear to be fair, equitable and balanced, taking into account the different size of the population of countries. Moreover, what would appear to be important in this context are not different theoretical overall limits but whether or not the proposed thresholds are appropriate to cover the needs of all countries, both large and small. In this context, the updated data presented in the “country profiles” set out in the Annex to this document may give some guidance on the questions as to whether the thresholds proposed in document PCT/WG/3/4 Rev. are appropriate or need to be further revised.

PCT fee reductions for “all developing countries”

72. During the discussions of the Working Group at its third session, it was suggested that PCT fee reductions should be given to all developing countries. In this context, it was further suggested that the International Bureau should give the term “developing countries” the same meaning that was attributed to this group of countries in the context of the WIPO Development Agenda and in the context of the Medium-Term Strategic Plan (MTSP) 2010-2015 (see the report of the third session of the Working Group, document PCT/WG/3/14, paragraph 171).

73. In the context of the WIPO Development Agenda and of the Medium-Term Strategic Plan (MTSP), and more generally in the context of the various WIPO programs that relate to the coordination and development of technical assistance, a number of countries in Africa, the Arab region, in Asia, in the Pacific and Latin America and the Caribbean regions, and certain countries in Europe and Asia have been identified as belonging to the “group” of beneficiary countries to receive technical assistance to facilitate the use of IP for social, cultural and economic development to enable greater participation by those countries in the benefits of innovation and the knowledge economy. However, that group of beneficiary countries does include countries which, while entitled to receive such WIPO technical assistance, have high incomes and strong economies, which would seem to suggest that it was not the lack of financial resources but other factors which prevented applicants from such countries from making good use of the PCT system. It would thus appear not appropriate to base the decision whether to grant PCT fee reductions to applicants from a certain country on whether that country belongs to the group of countries which benefits from the delivery of technical assistance by WIPO.

Imbalance between developing and least developed countries

74. During the discussions of the Working Group at its third session, one delegation suggested that the proposed criteria would create an imbalance among developed and least developed countries, noting that applicants from least developed countries would benefit from fee reductions no matter whether an application was filed by an applicant who was a natural person or not, while applicants from developing countries that were not considered to belong to the group of least developed countries would only benefit from those reductions where the application was filed by a natural person (see the report of the third session of the Working Group, document PCT/WG/3/14, paragraph 179).

75. It is correct that there the proposed eligibility criteria would make a distinction between countries belonging to the group of least developed countries and those which did not. However, such a distinction is already made under the present eligibility criteria and in the discussions so far on this issue had not been questioned by Member States.

WAY FORWARD

76. Taking into account the concerns expressed and the suggestions made during the third session of the Working Group, in the view of the International Bureau, rather than presenting the Working Group with a further detailed proposal as to possible eligibility criteria and underlying indicators, it would appear that the discussions in the Working Group would benefit from a general discussion as to the main principles which should govern the establishment of new eligibility criteria for PCT fee reductions. To trigger such a discussion, the International Bureau would like to pose the following questions to Member States.

Mix of Criteria

77. Is there agreement among Member States that the eligibility of a country for fee reductions should be determined based on a mix of criteria, taking into account *income*-related and *innovation*-related factors? Specifically, do Member States agree that income-related factors cannot be entirely disregarded and that an innovation-related factor of some sort should also be included?

Size of a country

78. If the answer to the question set out in paragraph 77 is “yes”, is there agreement among Member States to take into account the size of a country (measured by the average size of its population over certain period of time) when determining whether the country complies with the income-based criterion and with the innovation-based criterion?

Income-based criterion

79. If the answer to the question set out in paragraph 78 is “yes”, is there agreement among Member States to determine whether a country complies with the income-based criterion on the basis of the per capita gross domestic product (GDP) of a country, more specifically, on the basis of the most recent ten-year average per capita gross domestic product (GDP) figures at constant 2005 US dollars values, as published by the United Nations?

80. If the answer to the question set out in paragraph 79 is “yes”, what should be the threshold to determine whether a country complies with the income-based criterion? Is the threshold which had been proposed in document PCT/WG/3/4 Rev. (“25,000 US dollars according to the most recent ten-year average per capita gross domestic product (GDP) figures at constant 2005 US dollars values, as published by the United Nations”) appropriate?

Innovation-based criterion

81. If the answer to question set out in paragraph 78 is “yes”, is there agreement among Member States to determine whether a country complies with the innovation-based criterion on the basis of PCT filing figures, more specifically, on the basis of the most recent 5-year average yearly filing figures for international applications filed by applicants who are national and residents of the country concerned and who are natural persons, as published by the International Bureau?

82. If the answer to question set out in paragraph 81 is “yes”, is there agreement among Member States to determine whether a country complies with the innovation-based criterion on the basis of both PCT filing figures in relation to the size of the country concerned (“less than [...] number of international applications per year per million population”) and PCT filing figures in absolute numbers (“less than [...] international applications per year in absolute numbers”), and to require that a country would only have to comply with one of the two indicators to meet the innovation-based criterion?

83. If the answer to question set out in paragraph 82 is “yes”, what should be the thresholds to determine whether a country complies with the innovation-based criterion? Are the thresholds which had been proposed in document PCT/WG/3/4 Rev. (“10 international applications per year per million population” and “50 international applications per year in absolute numbers”, noting that a country would only have to comply with one of the two indicators to meet the innovation-based criterion) appropriate?

84. Should the answer to any of the questions raised above be “no”, Member States are invited to make concrete suggestions as to possible alternative criteria and/or indicators.

85. *The Working Group is invited to comment on the issues set out in paragraphs 48 to 84, above.*

[Annex follows]

COUNTRY PROFILES

This Annex contains an update of the data presented in Annex I to document PCT/WG/3/4 Rev., taking into account statistical data up to 2011. Note that the data presented with regard to “GDP per capita” are based on “constant 2005 US dollar values as published by the United Nations”, unlike the data presented in document PCT/WG/3/4 Rev., which had (erroneously) been based on “constant 2008 US dollar values”. Back in 2010, as today, the United Nations uses “constant 2005 US dollar values” as the basis for its GDP per capita statistics; it is expected that those values will be updated only in 2014/2015.

Countries whose names are highlighted in **red** are those whose applicants, under the new eligibility criteria proposed in document PCT/WG/3/4 Rev., would not be eligible for PCT fee reductions. Applicants of two of those countries (Singapore and the United Arab Emirates) are eligible under the eligibility criteria presently in force but would no longer be eligible under the new eligibility criteria proposed in document PCT/WG/3/4 Rev. Countries whose names are highlighted in **green** are those whose applicants, under the eligibility criteria presently in force, are not eligible but would, under the new eligibility criteria proposed in document PCT/WG/3/4 Rev., become eligible for PCT fee reductions.

Data cells that are highlighted in **blue** indicate values which are higher than the proposed thresholds for the indicators “GDP per capita”, “PCT applications by natural persons (per million population)” and “PCT applications by natural persons (in absolute numbers)”.

| | | | | |
|-------------|---|----|---------------------|--|
| Key: | | | | |
| Yes/No | Eligible (yes) or not eligible (no) for current fee reduction | H | High income | |
| Yes* | Eligible for fee reduction since July 1, 2008 | UM | Upper middle income | |
| Yes (a) | Eligible for fee reductions due to proposed new criteria “GDP/PCT filings” (a) | LM | Lower middle income | |
| Yes (a) (b) | Eligible for proposed fee reductions due to new criteria “GDP/PCT filings” (a) and due to unchanged criterion “classification as a Least Developed Country (LDC)” (b) | L | Low income | |

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person, 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|---------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|--|---|
| Afghanistan | Yes | Yes (a) (b) | L | 31.4 | 586 | 278 | 0.0 | 0 | 0 | 0.0 | 0 |
| Albania | Yes | Yes (a) | LM | 3.2 | 4'042 | 2'816 | 0.3 | 0 | 0 | 0.1 | 0.2 |
| Algeria | Yes | Yes (a) | UM | 35.5 | 5'523 | 3'144 | 0.2 | 8 | 10 | 0.2 | 5.8 |
| Andorra | No | No | H | 0.1 | 41'517 | 37'537 | 64.5 | 2 | 5 | 33.4 | 2.8 |
| Angola | Yes | Yes (a) (b) | UM | 19.1 | 5'318 | 2'453 | 0.1 | 0 | 0 | 0.0 | 0.2 |
| Antigua and Barbuda | Yes* | Yes (a) (b) | UM | 0.1 | 12'480 | 12'190 | 26.6 | 5 | 0 | 11.4 | 1 |
| Argentina | Yes | Yes (a) | UM | 40.4 | 10'994 | 5'239 | 0.5 | 10 | 9 | 0.3 | 10.6 |
| Armenia | Yes | Yes (a) | LM | 3.1 | 3'270 | 1'725 | 1.7 | 5 | 7 | 1.6 | 4.8 |
| Australia | No | No | H | 22.3 | 67'039 | 37'798 | 84.5 | 1'740 | 416 | 17.2 | 377.2 |
| Austria | No | No | H | 8.4 | 49'686 | 37'947 | 130.8 | 1'024 | 175 | 23.3 | 195.2 |
| Azerbaijan | Yes | Yes (a) | UM | 9.2 | 6'813 | 2'166 | 0.7 | 8 | 3 | 0.4 | 4 |
| Bahamas | No | Yes (a) | H | 0.3 | 22'431 | 23'358 | 73.3 | 26 | 0 | 4.1 | 1.4 |
| Bahrain | Yes* | Yes (a) | H | 1.3 | 19'512 | 16'067 | 1.5 | 1 | 2 | 0.5 | 0.6 |
| Bangladesh | Yes | Yes (a) (b) | L | 148.7 | 706 | 450 | 0.0 | 1 | 0 | 0.0 | 0.2 |
| Barbados | Yes* | Yes (a) | H | 0.3 | 15'744 | 14'636 | 665.1 | 96 | 1 | 2.9 | 0.8 |
| Belarus | Yes | Yes (a) | UM | 9.6 | 5'768 | 3'514 | 1.4 | 19 | 9 | 1.2 | 11.6 |
| Belgium | No | No | H | 10.7 | 47'807 | 36'662 | 103.5 | 1'008 | 54 | 5.6 | 59.4 |

Key:

Yes/No

Yes*

Yes (a)

Yes (a) (b)

Eligible (yes) or not eligible (no) for current fee reduction

Eligible for fee reduction since July 1, 2008

Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H

UM

LM

L

High income

Upper middle income

Lower middle income

Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|----------------------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| Belize | Yes | Yes (a) | LM | 0.3 | 4'636 | 3'974 | 9.8 | 2 | 0 | 2.6 | 0.8 |
| Benin | Yes | Yes (a) (b) | L | 8.8 | 802 | 582 | 0.1 | 0 | 1 | 0.0 | 0.2 |
| Bhutan | Yes | Yes (a) (b) | LM | 0.7 | 2'336 | 1'442 | 0.0 | 0 | 0 | 0.0 | 0 |
| Bolivia (Plurinational State of) | Yes | Yes (a) | LM | 9.9 | 2'374 | 1'105 | 0.1 | 0 | 0 | 0.0 | 0.2 |
| Bosnia and Herzegovina | Yes | Yes (a) | UM | 3.8 | 4'807 | 3'047 | 2.8 | 11 | 9 | 2.4 | 9 |
| Botswana | Yes | Yes (a) | UM | 2.0 | 8'533 | 5'632 | 0.5 | 0 | 0 | 0.0 | 0 |
| Brazil | Yes | Yes (a) | UM | 194.9 | 12'594 | 5'040 | 2.5 | 492 | 194 | 1.0 | 198.4 |
| Brunei Darussalam | No | No | H | 0.4 | 40'301 | 25'908 | 0.0 | 0 | 0 | 0.0 | 0 |
| Bulgaria | Yes | Yes (a) | UM | 7.5 | 7'187 | 3'958 | 3.8 | 25 | 18 | 2.4 | 18 |
| Burkina Faso | Yes | Yes (a) (b) | L | 16.5 | 595 | 397 | 0.1 | 0 | 1 | 0.0 | 0.2 |
| Burundi | Yes | Yes (a) (b) | L | 8.4 | 273 | 168 | 0.2 | 1 | 0 | 0.1 | 1 |
| Cambodia | Yes | Yes (a) (b) | L | 14.1 | 897 | 520 | 0.0 | 0 | 0 | 0.0 | 0 |
| Cameroon | Yes | Yes (a) | LM | 19.6 | 1'319 | 958 | 0.2 | 9 | 1 | 0.2 | 3.2 |
| Canada | No | No | H | 34.0 | 50'565 | 35'080 | 83.3 | 2'527 | 396 | 12.2 | 410.2 |
| Cape Verde | Yes | Yes (a) (b) | LM | 0.5 | 3'773 | 2'319 | 0.0 | 0 | 0 | 0.0 | 0 |
| Central African Republic | Yes | Yes (a) (b) | L | 4.4 | 489 | 346 | 0.0 | 0 | 0 | 0.0 | 0 |
| Chad | Yes | Yes (a) | L | 11.2 | 907 | 560 | 0.1 | 0 | 0 | 0.0 | 0.2 |

Key:
Yes/No
Yes*

Eligible (yes) or not eligible (no) for current fee reduction
Eligible for fee reduction since July 1, 2008

Yes (a)
Yes (a) (b)

Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)
Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H High income
UM Upper middle income
LM Lower middle income
L Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|---------------------------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| | | (b) | | | | | | | | | |
| Chile | Yes | Yes (a) | UM | 17.1 | 14'395 | 7'889 | 3.6 | 54 | 13 | 1.3 | 21.4 |
| China | Yes | Yes (a) | UM | 1318.2 | 5'439 | 2'183 | 7.3 | 7'900 | 1335 | 1.2 | 1575 |
| Colombia | Yes | Yes (a) | UM | 46.3 | 7'100 | 3'628 | 1.1 | 63 | 23 | 0.5 | 24.8 |
| Comoros | Yes | Yes (a) (b) | L | 0.7 | 809 | 584 | 0.0 | 0 | 0 | 0.0 | 0 |
| Congo | Yes | Yes (a) | LM | 4.0 | 3'198 | 1'774 | 0.3 | 0 | 1 | 0.1 | 0.2 |
| Costa Rica | Yes | Yes (a) | UM | 4.7 | 8'676 | 4'939 | 0.9 | 4 | 3 | 0.3 | 1.6 |
| Côte d'Ivoire | Yes | Yes (a) | LM | 19.7 | 1'196 | 947 | 0.1 | 0 | 0 | 0.0 | 0.4 |
| Croatia | Yes | Yes (a) | H | 4.4 | 14'217 | 10'262 | 12.2 | 38 | 21 | 6.6 | 29 |
| Cuba | Yes | Yes (a) | UM | 11.3 | 6'106 | 4'190 | 1.0 | 9 | 0 | 0.0 | 0 |
| Cyprus | No | Yes | H | 0.8 | 30'523 | 22'900 | 53.4 | 41 | 2 | 5.0 | 4 |
| Czech Republic | Yes | Yes (a) | H | 10.5 | 20'607 | 13'203 | 14.4 | 178 | 35 | 3.4 | 35.8 |
| Democratic People's Republic of Korea | Yes | Yes (a) | L | 24.4 | 506 | 534 | 0.1 | 1 | 6 | 0.1 | 3.2 |
| Democratic Republic of the Congo | Yes | Yes (a) (b) | L | 66.0 | 237 | 131 | 0.0 | 0 | 0 | 0.0 | 0.2 |
| Denmark | No | No | H | 5.6 | 59'581 | 47'092 | 229.6 | 1'344 | 64 | 10.3 | 57 |
| Djibouti | Yes | Yes (a) (b) | LM | 0.9 | 1'417 | 977 | 0.0 | 0 | 0 | 0.0 | 0 |
| Dominica | Yes | Yes (a) | UM | 0.1 | 7'322 | 5'711 | 22.1 | 1 | 0 | 0.0 | 0 |
| Dominican Republic | Yes | Yes (a) | UM | 9.9 | 5'512 | 4'057 | 0.4 | 1 | 1 | 0.3 | 2.6 |

Key:

Yes/No

Yes*

Yes (a)

Yes (a) (b)

Eligible (yes) or not eligible (no) for current fee reduction

Eligible for fee reduction since July 1, 2008

Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H

UM

LM

L

High income

Upper middle income

Lower middle income

Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|-------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| Ecuador | Yes | Yes (a) | UM | 14.5 | 4'526 | 2'837 | 1.1 | 4 | 2 | 0.5 | 6.6 |
| Egypt | Yes | Yes (a) | LM | 81.1 | 2'801 | 1'388 | 0.5 | 33 | 39 | 0.5 | 36 |
| El Salvador | Yes | Yes (a) | LM | 6.2 | 3'702 | 2'880 | 0.4 | 3 | 3 | 0.2 | 1.4 |
| Equatorial Guinea | Yes | Yes (a) (b) | H | 0.7 | 22'409 | 13'422 | 0.0 | 0 | 0 | 0.0 | 0 |
| Eritrea | Yes | Yes (a) (b) | L | 5.3 | 482 | 228 | 0.0 | 0 | 0 | 0.0 | 0 |
| Estonia | Yes | Yes (a) | H | 1.3 | 16'542 | 10'411 | 26.1 | 30 | 4 | 3.6 | 4.8 |
| Ethiopia | Yes | Yes (a) (b) | L | 82.9 | 357 | 195 | 0.0 | 0 | 0 | 0.0 | 0 |
| Fiji | Yes | Yes (a) | LM | 0.9 | 4'391 | 3'553 | 1.2 | 0 | 0 | 0.2 | 0.2 |
| Finland | No | No | H | 5.4 | 48'887 | 37'749 | 395.7 | 2'123 | 79 | 14.0 | 74.8 |
| France | No | No | H | 64.7 | 42'642 | 34'056 | 110.5 | 7'237 | 452 | 6.8 | 435.6 |
| Gabon | Yes | Yes (a) | UM | 1.5 | 15'738 | 6'833 | 1.2 | 1 | 1 | 0.7 | 1 |
| Gambia | Yes | Yes (a) (b) | L | 1.7 | 689 | 434 | 0.0 | 0 | 0 | 0.0 | 0 |
| Georgia | Yes | Yes (a) | LM | 4.4 | 3'319 | 1'585 | 1.5 | 4 | 6 | 1.3 | 5.8 |
| Germany | No | No | H | 82.3 | 43'865 | 34'729 | 218.3 | 16'797 | 1117 | 12.9 | 1060.6 |
| Ghana | Yes | Yes (a) | LM | 24.4 | 1'570 | 858 | 0.1 | 0 | 3 | 0.0 | 0.6 |
| Greece | No | Yes | H | 11.4 | 26'251 | 21'438 | 8.4 | 100 | 53 | 5.0 | 56.8 |
| Grenada | Yes | Yes (a) | UM | 0.1 | 7'868 | 6'556 | 9.6 | 0 | 1 | 1.9 | 0.2 |
| Guatemala | Yes | Yes (a) | LM | 14.4 | 3'178 | 2'213 | 0.3 | 2 | 13 | 0.2 | 3.4 |

Key:

Yes/No Eligible (yes) or not eligible (no) for current fee reduction

Yes* Eligible for fee reduction since July 1, 2008

Yes (a) Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Yes (a) (b) Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H High income

UM Upper middle income

LM Lower middle income

L Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person, 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|----------------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|--|---|
| Guinea | Yes | Yes (a) (b) | L | 10.0 | 544 | 323 | 0.1 | 0 | 0 | 0.0 | 0.2 |
| Guinea-Bissau | Yes | Yes (a) (b) | L | 1.5 | 591 | 436 | 0.0 | 0 | 0 | 0.0 | 0 |
| Guyana | Yes | Yes (a) | LM | 0.8 | 3'408 | 1'922 | 0.0 | 0 | 0 | 0.0 | 0 |
| Haiti | Yes | Yes (a) (b) | L | 10.0 | 665 | 415 | 0.0 | 0 | 0 | 0.0 | 0 |
| Honduras | Yes | Yes (a) | LM | 7.6 | 2'250 | 1'460 | 0.3 | 1 | 0 | 0.0 | 0 |
| Hungary | Yes | Yes (a) | H | 10.0 | 13'919 | 10'826 | 15.9 | 142 | 67 | 6.3 | 62.8 |
| Iceland | No | No | H | 0.3 | 43'240 | 53'563 | 174.4 | 58 | 4 | 12.7 | 4 |
| India | Yes | Yes (a) | LM | 1224.6 | 1'528 | 825 | 0.9 | 961 | 250 | 0.2 | 269.4 |
| Indonesia | Yes | Yes (a) | LM | 239.9 | 3'495 | 1'367 | 0.0 | 7 | 7 | 0.0 | 5.2 |
| Iran (Islamic Republic of) | Yes | Yes (a) | UM | 74.0 | 6'977 | 3'135 | 0.1 | 7 | 1 | 0.0 | 1.8 |
| Iraq | Yes | Yes (a) | LM | 31.7 | 3'758 | 1'384 | 0.0 | 0 | 0 | 0.0 | 0.2 |
| Ireland | No | No | H | 4.5 | 48'836 | 48'023 | 101.7 | 482 | 49 | 11.2 | 49.2 |
| Israel | No | No | H | 7.4 | 32'123 | 20'994 | 223.9 | 1'555 | 319 | 37.5 | 272.2 |
| Italy | No | No | H | 60.6 | 36'124 | 30'092 | 46.0 | 2'652 | 507 | 8.3 | 498.8 |
| Jamaica | Yes | Yes (a) | UM | 2.7 | 5'360 | 4'174 | 0.7 | 2 | 0 | 0.1 | 0.4 |
| Japan | No | No | H | 126.5 | 46'407 | 36'088 | 248.7 | 29'802 | 557 | 3.9 | 498.4 |
| Jordan | Yes | Yes (a) | UM | 6.2 | 4'556 | 2'500 | 1.3 | 1 | 0 | 0.0 | 0 |
| Kazakhstan | Yes | Yes (a) | UM | 16.0 | 11'503 | 4'104 | 1.1 | 21 | 2 | 0.9 | 13.6 |
| Kenya | Yes | Yes (a) | L | 40.5 | 819 | 546 | 0.1 | 5 | 1 | 0.0 | 1.8 |

Key:

Yes/No

Yes*

Yes (a)

Yes (a) (b)

Eligible (yes) or not eligible (no) for current fee reduction

Eligible for fee reduction since July 1, 2008

Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H

UM

LM

L

High income

Upper middle income

Lower middle income

Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|----------------------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| Kiribati | Yes | Yes (a) | LM | 0.1 | 1'803 | 1'147 | 0.0 | 0 | 0 | 0.0 | 0 |
| Kuwait | No | No | H | 2.7 | 57'102 | 34'863 | 0.9 | 1 | 1 | 0.2 | 0.6 |
| Kyrgyzstan | Yes | Yes (a) | L | 5.3 | 1'098 | 525 | 0.2 | 1 | 0 | 0.2 | 0.8 |
| Lao People's Democratic Republic | Yes | Yes (a) | LM | 6.2 | 1'303 | 534 | 1.0 | 0 | 0 | 0.1 | 0.8 |
| Latvia | Yes | Yes (a) | UM | 2.3 | 12'697 | 6'934 | 9.4 | 24 | 6 | 3.7 | 8.4 |
| Lebanon | Yes | Yes (a) | UM | 4.2 | 9'165 | 5'967 | 0.5 | 2 | 0 | 0.0 | 0.2 |
| Lesotho | Yes | Yes (a) | LM | 2.2 | 1'114 | 708 | 0.0 | 0 | 0 | 0.0 | 0 |
| Liberia | Yes | Yes (a) | L | 4.0 | 278 | 220 | 0.3 | 0 | 0 | 0.0 | 0 |
| Libya | Yes* | Yes (a) | UM | 6.4 | 4'885 | 7'394 | 0.3 | 4 | 1 | 0.2 | 1.2 |
| Liechtenstein | No | No | H | 0.0 | 170'373 | 110'424 | 3650.2 | 55 | 1 | 61.5 | 2.2 |
| Lithuania | Yes | Yes (a) | UM | 3.3 | 12'962 | 7'908 | 5.4 | 23 | 12 | 2.7 | 9 |
| Luxembourg | No | No | H | 0.5 | 115'377 | 81'938 | 451.0 | 229 | 3 | 12.1 | 6 |
| Madagascar | Yes | Yes (a) | L | 20.7 | 462 | 283 | 0.1 | 0 | 1 | 0.0 | 0.6 |
| Malawi | Yes | Yes (a) | L | 14.9 | 388 | 233 | 0.0 | 0 | 0 | 0.0 | 0 |
| Malaysia | Yes | Yes (a) | UM | 28.4 | 9'977 | 5'760 | 8.3 | 224 | 56 | 1.6 | 45.6 |
| Maldives | Yes | Yes (a) | UM | 0.3 | 6'405 | 4'095 | 0.0 | 0 | 0 | 0.0 | 0 |
| Mali | Yes | Yes (a) | L | 15.4 | 671 | 428 | 0.0 | 0 | 0 | 0.0 | 0 |

Key:

Yes/No

Yes*

Yes (a)

Yes (a) (b)

Eligible (yes) or not eligible (no) for current fee reduction

Eligible for fee reduction since July 1, 2008

Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H

UM

LM

L

High income

Upper middle income

Lower middle income

Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|----------------------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| Malta | No | (b) | H | 0.4 | 21'269 | 15'213 | 54.4 | 32 | 2 | 3.9 | 1.6 |
| Marshall Islands | Yes | Yes (a) | LM | 0.1 | 3'448 | 2'662 | 18.7 | 0 | 0 | 0.0 | 0 |
| Mauritania | Yes | Yes (a) | L | 3.5 | 1'254 | 758 | 0.0 | 0 | 0 | 0.0 | 0 |
| Mauritius | Yes | Yes (a) | UM | 1.3 | 8'659 | 5'589 | 3.3 | 2 | 1 | 0.2 | 0.2 |
| Mexico | Yes | Yes (a) | UM | 113.4 | 10'063 | 8'027 | 1.8 | 194 | 116 | 1.0 | 116.8 |
| Micronesia (Federated States of) | Yes | Yes (a) | LM | 0.1 | 2'855 | 2'251 | 0.0 | 0 | 0 | 0.0 | 0 |
| Moldova | Yes | Yes (a) | LM | 3.6 | 1'975 | 836 | 0.8 | 2 | 3 | 0.6 | 2.2 |
| Monaco | No | No | H | 0.0 | 167'021 | 129'122 | 441.1 | 13 | 11 | 220.5 | 7.8 |
| Mongolia | Yes | Yes (a) | LM | 2.8 | 3'060 | 1'101 | 0.7 | 2 | 3 | 0.4 | 1.2 |
| Montenegro | Yes | Yes (a) | UM | 0.6 | 7'196 | 3'975 | 3.2 | 0 | 0 | 0.6 | 0.4 |
| Morocco | Yes | Yes (a) | LM | 32.0 | 3'107 | 2'110 | 0.6 | 24 | 10 | 0.4 | 13.8 |
| Mozambique | Yes | Yes (a) | L | 23.4 | 536 | 346 | 0.0 | 0 | 0 | 0.0 | 0 |
| Myanmar | Yes | Yes (a) | L | 48.0 | 1'144 | 310 | 0.0 | 0 | 1 | 0.0 | 0.2 |
| Namibia | Yes | Yes (a) | UM | 2.3 | 5'439 | 3'644 | 6.1 | 4 | 0 | 1.2 | 2.8 |
| Nauru | No | Yes (a) | UM | 0.0 | 6'954 | 2'770 | 0.0 | 0 | 0 | 0.0 | 0 |
| Nepal | Yes | Yes (a) | L | 30.0 | 607 | 317 | 0.0 | 0 | 0 | 0.0 | 0 |
| Netherlands | No | No | H | 16.6 | 50'215 | 40'138 | 251.5 | 4'462 | 102 | 7.0 | 115.4 |

Key:

Yes/No

Yes*

Yes (a)

Yes (a) (b)

Eligible (yes) or not eligible (no) for current fee reduction

Eligible for fee reduction since July 1, 2008

Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H

UM

LM

L

High income

Upper middle income

Lower middle income

Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|--------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| New Zealand | No | No | H | 4.4 | 36874 | 27252 | 78.5 | 301 | 75 | 15.5 | 67 |
| Nicaragua | Yes | Yes (a) | LM | 5.8 | 1'243 | 917 | 0.2 | 0 | 0 | 0.0 | 0 |
| Niger | Yes | Yes (b) | L | 15.5 | 397 | 267 | 0.1 | 1 | 0 | 0.0 | 0 |
| Nigeria | Yes | Yes (a) | LM | 158.4 | 1'509 | 856 | 0.0 | 1 | 0 | 0.0 | 1.8 |
| Norway | No | No | H | 4.9 | 98'565 | 65'191 | 135.1 | 630 | 50 | 12.1 | 58.6 |
| Oman | Yes* | Yes | H | 2.8 | 25'536 | 13'843 | 1.1 | 2 | 0 | 0.1 | 0.4 |
| Pakistan | Yes | Yes (a) | LM | 173.6 | 1'182 | 710 | 0.0 | 0 | 0 | 0.0 | 0.4 |
| Palau | No | Yes (a) | UM | 0.0 | 11'096 | 7'325 | 0.0 | 0 | 0 | 0.0 | 0 |
| Panama | Yes | Yes (a) | UM | 3.5 | 8'590 | 5'503 | 2.8 | 10 | 0 | 0.1 | 0.2 |
| Papua New Guinea | Yes | Yes (a) | LM | 6.9 | 1'794 | 858 | 0.0 | 0 | 0 | 0.0 | 0 |
| Paraguay | Yes | Yes (a) | LM | 6.5 | 3'485 | 1'347 | 0.2 | 0 | 0 | 0.0 | 0.2 |
| Peru | Yes | Yes (a) | UM | 29.1 | 6'138 | 3'244 | 0.2 | 10 | 1 | 0.1 | 4 |
| Philippines | Yes | Yes (a) | LM | 93.3 | 2'370 | 1'270 | 0.2 | 21 | 8 | 0.2 | 14.2 |
| Poland | Yes | Yes (a) | H | 38.3 | 13'424 | 8'697 | 4.4 | 173 | 30 | 1.2 | 44.6 |
| Portugal | No | Yes (a) | H | 10.7 | 22'226 | 18'286 | 10.6 | 163 | 21 | 1.5 | 16.2 |
| Qatar | No | No | H | 1.8 | 92'682 | 56'898 | 2.6 | 1 | 0 | 0.4 | 0.6 |
| Republic of Korea | No | No | H | 48.2 | 23'067 | 18'993 | 179.8 | 8'035 | 1509 | 34.6 | 1658.8 |
| Romania | Yes | Yes (a) | UM | 21.5 | 8'853 | 4'838 | 1.1 | 24 | 12 | 0.7 | 15 |
| Russian Federation | Yes | Yes (a) | UM | 143.0 | 13'006 | 5'683 | 5.5 | 711 | 496 | 3.6 | 513.4 |
| Rwanda | Yes | Yes (a) | L | 10.6 | 583 | 311 | 0.0 | 0 | 0 | 0.0 | 0 |

Key:

Yes/No Eligible (yes) or not eligible (no) for current fee reduction

Yes* Eligible for fee reduction since July 1, 2008

Yes (a) Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Yes (a) (b) Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a

Least Developed Country (LDC)" (b)

H High income

UM Upper middle income

LM Lower middle income

L Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|----------------------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| | | (b) | | | | | | | | | |
| Saint Kitts and Nevis | Yes | Yes (a) | H | 0.1 | 13'424 | 10'697 | 34.8 | 2 | 0 | 3.9 | 0.2 |
| Saint Lucia | Yes | Yes (a) | UM | 0.2 | 7'124 | 5'159 | 0.0 | 0 | 0 | 0.0 | 0 |
| Saint Vincent and the Grenadines | Yes | Yes (a) | UM | 0.1 | 6'291 | 5'315 | 27.5 | 3 | 0 | 0.0 | 0 |
| Samoa | Yes | Yes (a) (b) | LM | 0.2 | 3'629 | 2'377 | 24.7 | 6 | 0 | 0.0 | 0 |
| San Marino | No | No | H | 0.0 | 64'480 | 61'479 | 261.4 | 8 | 0 | 6.4 | 0.2 |
| Sao Tome and Principe | Yes | Yes (a) (b) | LM | 0.2 | 1'519 | 901 | 0.0 | 0 | 0 | 0.0 | 0 |
| Saudi Arabia | No | Yes | H | 27.4 | 21'262 | 13'075 | 3.0 | 70 | 6 | 0.2 | 4.8 |
| Senegal | Yes | Yes (a) (b) | LM | 12.4 | 1'132 | 800 | 0.1 | 0 | 0 | 0.0 | 0.6 |
| Serbia | Yes | Yes (a) | UM | 7.4 | 5'579 | 3'487 | 3.4 | 26 | 35 | 3.0 | 22.4 |
| Seychelles | Yes* | Yes (a) | UM | 0.1 | 11'675 | 12'383 | 104.6 | 9 | 0 | 2.3 | 0.2 |
| Sierra Leone | Yes | Yes (a) (b) | L | 5.9 | 483 | 333 | 0.3 | 0 | 0 | 0.1 | 0.4 |
| Singapore | Yes* | No | H | 5.1 | 50'087 | 30'501 | 122.1 | 593 | 66 | 12.7 | 62.4 |
| Slovakia | Yes | Yes (a) | H | 5.5 | 17'545 | 9'682 | 7.9 | 33 | 17 | 3.6 | 19.4 |
| Slovenia | No | Yes (a) | H | 2.0 | 24'709 | 18'483 | 57.6 | 137 | 26 | 11.1 | 22.4 |
| Solomon Islands | Yes | Yes (a) (b) | LM | 0.5 | 1'518 | 917 | 0.0 | 0 | 0 | 0.0 | 0 |
| Somalia | Yes | Yes (a) (b) | L | 9.3 | 112 | 278 | 0.0 | 0 | 0 | 0.0 | 0 |

Key:
Yes/No
Yes*

Eligible (yes) or not eligible (no) for current fee reduction
Eligible for fee reduction since July 1, 2008

Yes (a)
Yes (a) (b)

Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)
Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H High income
UM Upper middle income
LM Lower middle income
L Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|----------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| South Africa | Yes | Yes (a) | UM | 50.1 | 8'090 | 5'395 | 7.2 | 375 | 193 | 3.3 | 163.8 |
| Spain | No | No | H | 46.1 | 31'820 | 25'991 | 34.0 | 1'564 | 355 | 7.8 | 355.6 |
| Sri Lanka | Yes | Yes (a) | LM | 20.9 | 2'812 | 1'360 | 0.5 | 16 | 9 | 0.4 | 7.8 |
| Sudan | Yes | Yes (a) (b) | LM | 34.5 | 1'583 | 1'072 | 0.1 | 0 | 1 | 0.0 | 1.4 |
| Suriname | No | Yes (a) | UM | 0.5 | 8'708 | 4'656 | 0.0 | 0 | 0 | 0.0 | 0 |
| Swaziland | Yes | Yes (a) | LM | 1.2 | 3'399 | 2'379 | 1.7 | 0 | 0 | 0.2 | 0.2 |
| Sweden | No | No | H | 9.4 | 57'134 | 41'433 | 389.8 | 3'568 | 208 | 19.7 | 183.4 |
| Switzerland | No | No | H | 7.7 | 85'794 | 53'514 | 500.0 | 3'672 | 235 | 25.5 | 194.4 |
| Syrian Arab Republic | Yes | Yes (a) | LM | 20.4 | 3'095 | 1'608 | 0.3 | 9 | 5 | 0.3 | 6.6 |
| Tajikistan | Yes | Yes (a) | L | 6.9 | 935 | 390 | 0.0 | 0 | 0 | 0.0 | 0 |
| TFYR of Macedonia | Yes | Yes (a) | UM | 2.1 | 4'925 | 3'120 | 1.3 | 2 | 2 | 1.1 | 2.2 |
| Thailand | Yes | Yes (a) | UM | 69.1 | 5'318 | 2'938 | 0.5 | 20 | 3 | 0.2 | 15 |
| Timor-Leste | Yes | Yes (a) (b) | LM | 1.1 | 4'829 | 2'138 | 0.0 | 0 | 0 | 0.0 | 0 |
| Togo | Yes | Yes (a) (b) | L | 6.0 | 600 | 398 | 0.0 | 0 | 0 | 0.0 | 0 |
| Tonga | Yes | Yes (a) | LM | 0.1 | 4'335 | 2'546 | 0.0 | 0 | 0 | 0.0 | 0 |
| Trinidad and Tobago | Yes* | Yes (a) | H | 1.3 | 16'272 | 12'877 | 1.5 | 2 | 0 | 0.6 | 0.8 |
| Tunisia | Yes | Yes (a) | UM | 10.5 | 4'373 | 3'446 | 0.7 | 6 | 3 | 0.4 | 4.4 |
| Turkey | Yes | Yes (a) | UM | 72.8 | 10'524 | 7'218 | 6.0 | 389 | 95 | 1.9 | 136 |
| Turkmenistan | Yes | Yes (a) | UM | 5.0 | 5'042 | 3'573 | 0.2 | 0 | 1 | 0.0 | 0.2 |

Key:

Yes/No Eligible (yes) or not eligible (no) for current fee reduction

Yes* Eligible for fee reduction since July 1, 2008

Yes (a) Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Yes (a) (b) Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a Least Developed Country (LDC)" (b)

H High income

UM Upper middle income

LM Lower middle income

L Low income

| Country | Current PCT Fee Reduction | Proposed New PCT Fee Reduction | Income group | Population (in million), 5-year average, 2007-2011 | GDP Per Capita, 2011 (US\$) | GDP Per Capita, 10-year average, 2002-2011 (constant 2005 US\$) | Total PCT application per million population, 5-year average, 2007-2011 | Total PCT applications in 2011 | PCT applications by natural person, 2011 | PCT application by natural person (per million population), 5-year average, 2007-2011 | PCT applications by natural person, 5-year average, 2007-2011 |
|-----------------------------|---------------------------|--------------------------------|--------------|--|-----------------------------|---|---|--------------------------------|--|---|---|
| Tuvalu | Yes | Yes (a) (b) | UM | 0.0 | 3713 | 2475 | 0.0 | 0 | 0 | 0.0 | 0 |
| Uganda | Yes | Yes (a) (b) | L | 33.4 | 558 | 379 | 0.1 | 0 | 0 | 0.0 | 0.4 |
| Ukraine | Yes | Yes (a) | LM | 45.4 | 3657 | 1'893 | 2.2 | 79 | 84 | 1.9 | 86.8 |
| United Arab Emirates | Yes* | No | H | 7.5 | 42'921 | 35'582 | 4.1 | 28 | 9 | 2.4 | 16.2 |
| United Kingdom | No | No | H | 62.0 | 38'918 | 37'956 | 83.7 | 5'044 | 642 | 10.0 | 616.6 |
| United Republic of Tanzania | Yes | Yes (a) (b) | L | 43.6 | 526 | 401 | 0.0 | 0 | 0 | 0.0 | 0 |
| United States of America | No | No | H | 310.4 | 47'882 | 41'902 | 159.5 | 45'628 | 3719 | 11.3 | 3488.8 |
| Uruguay | Yes | Yes (a) | UM | 3.4 | 13'819 | 5'706 | 1.8 | 9 | 2 | 0.5 | 1.6 |
| Uzbekistan | Yes | Yes (a) (b) | LM | 27.4 | 1'641 | 636 | 0.1 | 0 | 1 | 0.0 | 1 |
| Vanuatu | Yes | Yes (a) (b) | LM | 0.2 | 3'168 | 1'977 | 4.3 | 1 | 0 | 0.0 | 0 |
| Venezuela | Yes | Yes (a) | UM | 29.0 | 10'731 | 5'701 | 0.1 | 1 | 2 | 0.1 | 1.8 |
| Viet Nam | Yes | Yes (a) (b) | LM | 87.8 | 1'392 | 706 | 0.1 | 5 | 4 | 0.1 | 6.4 |
| Yemen | Yes | Yes (a) (b) | LM | 24.1 | 1'270 | 926 | 0.1 | 1 | 0 | 0.0 | 0.4 |
| Zambia | Yes | Yes (a) (b) | LM | 13.1 | 1'426 | 678 | 0.1 | 1 | 0 | 0.0 | 0.4 |
| Zimbabwe | Yes | Yes (a) | L | 12.6 | 695 | 521 | 0.1 | 1 | 0 | 0.0 | 0.6 |

[End of Annex and of document]

Key:

Yes/No

Yes*

Yes (a)

Yes (a) (b)

Eligible (yes) or not eligible (no) for current fee reduction

Eligible for fee reduction since July 1, 2008

Eligible for fee reductions due to proposed new criteria "GDP/PCT filings" (a)

Eligible for proposed fee reductions due to new criteria "GDP/PCT filings" (a) and due to unchanged criterion "classification as a

Least Developed Country (LDC)" (b)

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