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WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

**INTERNATIONAL PATENT COOPERATION UNION
(PCT UNION)**

ASSEMBLY

**Thirty-Sixth (16th Ordinary) Session
Geneva, September 24 to October 3, 2007**

**PROPOSED AMENDMENT OF THE SCHEDULE OF FEES
ANNEXED TO THE REGULATIONS UNDER THE PCT**

submitted by the United States of America and Japan

1. This document contains a proposal for an amendment of the Schedule of Fees annexed to the Regulations under the Patent Cooperation Treaty (PCT). It is proposed that the international filing fee be fixed at 1190 Swiss francs and that the handling fee be fixed at 170 Swiss francs as indicated in Annex I.
2. This represents a 15 % reduction in the level of the current international filing fee and in the current handling fee.
3. As noted in the Chart of PCT fee reduction and the explanations appearing in Annex II, the PCT has generated a significant surplus in the current (2006-2007) biennium, and is expected to generate an even larger surplus in the next biennium (2008-2009). These surpluses represent resources for the PCT fee reduction of almost 18% for the next biennium. Furthermore, surplus income is also being generated under non-PCT services such as the Madrid system.
4. It is therefore proposed that a 15% reduction in the international filing fee and in the handling fee are justified in order to avoid generating excess surplus. In addition, lower fees under the PCT may encourage greater use of the system, particular by small-and medium-sized enterprises.

5. It is further proposed that the amendment of the Schedule of Fees set out in Annex I shall enter into force on January 1, 2008, and shall apply to any international application whose international filing date is on or after January 1, 2008, provided that the Schedule of Fees as worded before its amendment shall continue to apply to any international application which is received by the receiving Office before January 1, 2008, and is accorded an international filing date that is on or after January 1, 2008.

6. *The Assembly of the PCT Union is invited:*

(i) to adopt the proposed amendments of the Schedule of Fees annexed to the Regulations under the PCT appearing in Annex I;

(ii) to decide that those amendments shall enter into force on January 1, 2008, in accordance with the application and transitional arrangements set out in paragraph 5, above.

[Annexes follow]

ANNEX I

PROPOSED AMENDMENT OF THE REGULATIONS UNDER THE PCT

SCHEDULE OF FEES

(as proposed to be amended with effect from January 1, 2008)

Fees	Amounts
1. International filing fee: (Rule 15.2)	<u>1,190</u> Swiss francs plus 1,400 15 Swiss francs for each sheet of the international application in excess of 30 sheets
2. Handling fee: (Rule 57.2)	<u>170</u> Swiss francs 200

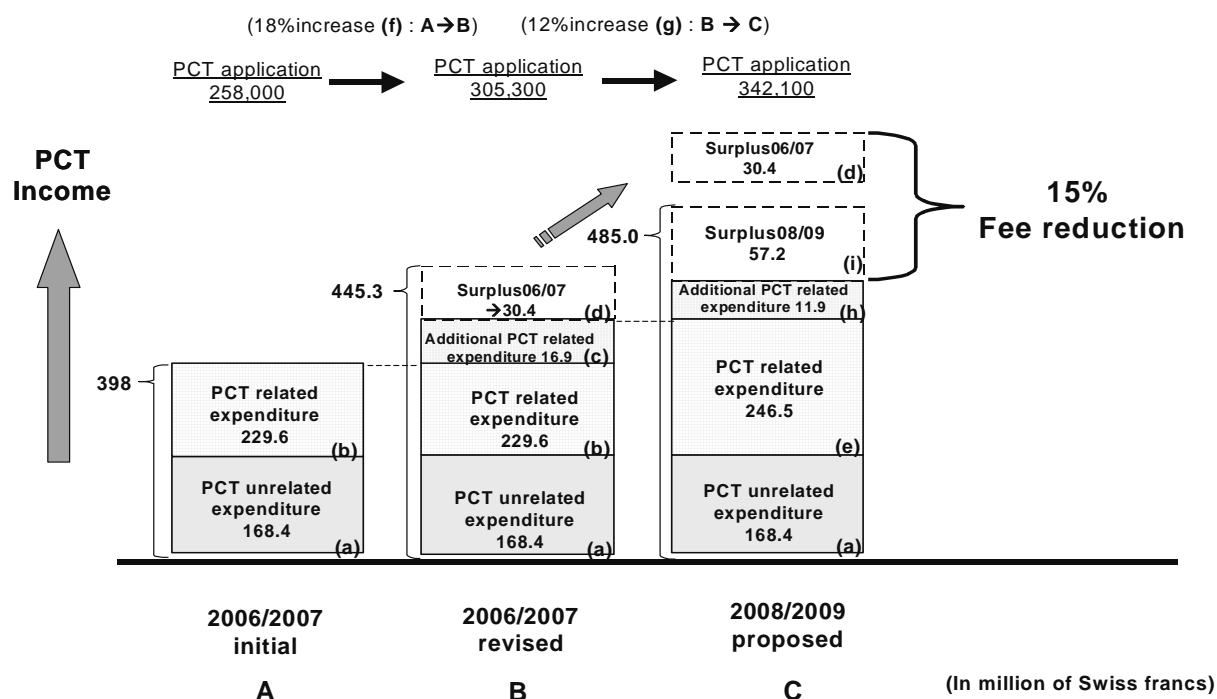
Reductions

3. The international filing fee is reduced by the following amount if the international application is, as provided for in the Administrative Instructions, filed:
- | | |
|---|------------------|
| (a) on paper together with a copy in electronic form, in character coded format, of the request and the abstract: | 100 Swiss francs |
| (b) in electronic form, the request not being in character coded format: | 100 Swiss francs |
| (c) in electronic form, the request being in character coded format: | 200 Swiss francs |
| (d) in electronic form, the request, description, claims and abstract being in character coded format: | 300 Swiss francs |
4. The international filing fee (where applicable, as reduced under item 3) and the handling fee are reduced by 75% if the international application is filed by:
- | | |
|--|--|
| (a) an applicant who is a natural person and who is a national of and resides in a State whose per capita national income is below US\$3,000 (according to the average per capita national income figures used by the United Nations for determining its scale of assessments for the contributions payable for the years 1995, 1996 and 1997); or | |
| (b) an applicant, whether a natural person or not, who is a national of and resides in a State that is classed as a least developed country by the United Nations; | |
- provided that, if there are several applicants, each must satisfy the criteria set out in either sub-item (a) or (b).

[Annex II follows]

ANNEX II

Chart for PCT fee reduction



EXPLANATION OF CHART OF PCT FEE REDUCTION

- The key concepts for the proposed PCT fee reduction are: (1) expenditure level of 2006/2007 initial budget that was approved by Member States should be duly kept and increased expenditure proposed by 2006/2007 revised budget should be scrutinized in detail in terms of necessity and legitimacy; (2) in 2008/2009 budget, PCT expenditure increase should at most be contained to level proportional to that which is seen necessary to deal with unexpected growth of PCT applications by 2006/2007 revised budget; and (3) PCT surpluses in 2006/2007 and 2008/2009 biennium should be used for PCT fee reduction.
- Based on these key concepts, it can be proved that 15% PCT fee reduction is possible by utilizing figures submitted by IB in the working documents, WO/PBC/11/5, 6, etc.

PCT surplus 30.4m CHF generated in 2006/2007 biennium

3. In 2006/2007 initial budget, PCT expenditure¹ is 398.0m CHF². Out of this PCT expenditure, PCT related expenditure is 229.6m CHF ((b))³. PCT unrelated expenditure, therefore, is 168.4m CHF ((a)).

4. In 2006/2007 revised budget as proposed in WO/PBC/11/5, the whole expenditure is 562.1m CHF², which is 31.1m CHF increase by 531.0m CHF² of 2006/2007 initial budget. Out of this increase as a whole, the amount for core program which is exclusively responsive to PCT application growth is 16.9m CHF ((c))⁴. Therefore in 2006/2007 revised budget, PCT surplus, generated from PCT income (445.3m CHF²) subtracted by PCT expenditure (414.9m CHF ((a)+(b)+(c))), is 30.4m CHF ((d)). That is, even when whole expenditure increase from initial budget is endorsed as proposed in 2006/2007 revised budget, 30.4m CHF ((d)) PCT surplus is generated in 2006/2007 biennium.

PCT surplus 57.2m CHF to be generated in 2008/2009 biennium

5. In examining PCT surplus to be generated in 2008/2009 budget, increase in PCT related expenditure which should be allowed was evaluated by means of the following formulation⁵ based on the key concept (2) above (see paragraph 1, above), that is, increase of PCT expenditure relative to PCT application growth can be seen proportional to increase ratio between PCT growth rate (f) [i.e., PCT application number at 2006/2007 revised budget over at 2006/2007 initial budget] and PCT growth rate (g) [i.e., PCT application number at 2008/2009 proposed budget over at 2006/2007 revised budget]. This formulation is grounded that PCT related expenditure will increase proportionally to PCT application growth rate which has direct impact on PCT operations.

6. Under this formulation, additional PCT related expenditure at 2008/2009 budget attributable to PCT application growth is 11.9m CHF ((h))⁶. Therefore PCT expenditure allowable for 2008/2009 budget is 427.8m CHF ((a)+(e)+(h)). Since PCT income proposed in 2008/2009 budget amounts to 485.0m CHF⁷, PCT surplus generated from PCT income (485.0m CHF⁷) subtracted by PCT expenditure (427.8m CHF ((a)+(e)+(h))) is 57.2m CHF ((i)).

¹ "PCT expenditure" means expenditure which is paid by PCT income that comes from PCT fees paid by users. "PCT expenditure" is made up of expenditure to fields related to PCT ("PCT related expenditure") and fields unrelated to PCT ("PCT unrelated expenditure").

² WO/PBC/11/5 p.5 Table 1: Main Financial Parameters of the Organization
2006/2007 initial PCT income 398.0; 2006/2007 revised PCT income 445.3
2006/2007 initial Total expenditure 531.0; 2006/2007 revised Total expenditure 562.1

³ WO/PBC/8/3 PUB. P.112 Table VII (see Appendix); 2006/2007 PCT expenditure 229.6

⁴ As for Program 16 (Administration of the PCT System), expenditure in 2006/2007 initial budget is 144.4m CHF and expenditure in 2006/2007 revised budget is 161.3m CHF, i.e., increase by 16.9m CHF. (see WO/PBC/11/5 ANNEX II)

⁵ (f) : (g) = (c) / (b) : (h) / (e); ((e)=(b)+(c))

⁶ According to footnote 5, $305,300/258,000-1:342,100/305,300-1=16.9/229.6:(h)/(16.9+229.6)$
(h)=11.9

PCT application number:

2006/2007 initial 258,000(126,000+132,000) (see WO/PBC/11/5 p.7 Table3)

2006/2007 revised 305,300(147,500+157,800) (see supra)

2008/2009 342,100(166,600+175,500) (see WO/PBC/11/6 p.18 Chart 2)

Total PCT surplus 87.6m CHF realize PCT fee reduction 15%

7. PCT surplus 30.4m CHF ((d)) in 2006/2007 revised budget to be carried over to 2008/2009 budget plus PCT surplus 57.2m CHF ((i)) in 2008/2009 budget totals PCT surpluses 87.6m CHF ((d)+(i)) which correspond to 18% of PCT income (485.0m CHF⁷) in 2008/2009 budget. Therefore by using these surpluses for PCT fee reduction, 15% PCT fee reduction can be realized.

[Appendix follows]

[Footnote continued from previous page]

⁷ WO/PBC/11/6 P.16 Overview of the main financial parameters of the organization
2008/2009 PCT income 485.0

APPENDIX

TABLE VII
2006/07 Estimated Expenditure for the PCT Sector, Including PCT Share of Common Support Services
(in thousands of Swiss francs)

Programs		Estimated Expenditure
A.	Programs Exclusively Concerning PCT	
	16 Administration of the PCT System	144,445
	17 PCT Reform	2,301
	<i>Sub-total, A</i>	<i>146,746</i>
B.	Programs Relating to PCT (50% share)	
	12 Law of Patents	1,498
	19 Patent Information, Classification and IP Standards	2,730
	<i>Sub-total, B</i>	<i>4,228</i>
C.	Programs Providing Common Support Services (39.6% share)	
	22 Direction and Executive Management	5,539
	23 Budget Control and Resource Mobilization	1,788
	24 Internal Oversight	706
	25 Human Resources Management	6,232
	26 Financial Operations	4,464
	27 Information Technology	15,447
	28 Conference, Language, Printing and Archives	16,169
	29 Premises Management	23,283
	30 Travel and Procurement	3,203
	31 The New Construction	1,835
	<i>Sub-total, C</i>	<i>78,666</i>
D.	Total PCT Expenditure (A+B+C)	229,640
E.	Total Budget	531,000
F.	PCT Share in Percentage of Total Budget (D/E)	43.2%

(Table reproduced from document WO/PBC/8/3 PUB P.112 Table VII)

[End of Annex II and of document]