

# WIPO



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WORLD INTELLECTUAL PROPERTY ORGANIZATION  
GENEVA

## INTERNATIONAL PATENT COOPERATION UNION (PCT UNION)

### ASSEMBLY

### Thirty-Sixth (16<sup>th</sup> Ordinary) Session Geneva, September 24 to October 3, 2007

#### ADDITION OF KOREAN AS A LANGUAGE OF PUBLICATION

*Proposal submitted by the Republic of Korea*

#### SUMMARY

1. The Government of the Republic of Korea proposes that the Korean language be included as one of the official languages of publication in the Regulations under the Patent Cooperation Treaty (PCT). The decision to do so would be a reasonable response to the requests of the fifth largest group of PCT users, namely the Korean-speaking group. Furthermore, such a decision would encourage more applicants from the Republic of Korea to use the PCT system and ultimately enhance the resources for improving the PCT system and the intellectual property (IP) infrastructure for developing countries and the least developed countries (LDCs).

#### *The needs of the fifth largest group of PCT users*

2. We are of the opinion that the quality of the PCT system will be advanced through the provision of more customer-oriented services for PCT applicants and potential users. Unfortunately, applicants from the Republic of Korea do not fully utilize the PCT system because of the current language restriction. According to WIPO statistics, the portion of the Republic of Korea's filings abroad through the PCT system was just 13.96%, whereas the corresponding portion of PCT usage was 28.39% in Japan and 52.68% in Germany. If the Korean language were included as a language of publication, we are confident that applicants from the Republic of Korea would use the PCT system more vigorously.

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3. PCT applicants who use Korean were the world's fifth largest group of PCT users in 2006<sup>1</sup> and they are expected to be the fourth largest group in 2007.<sup>2</sup> As such, the significant financial contribution<sup>3</sup> of PCT applicants from the Republic of Korea helps the World Intellectual Property Organization (WIPO) to manage the PCT system as well as various cooperative works for the IP development of developing countries and LDCs.

*Increase of WIPO revenue and positive impact for everyone, including developing countries and LDCs*

4. Our analysis indicates that the PCT fee revenue from the Republic of Korea would surge in view of the likely escalation in PCT applications from the Republic of Korea once Korean is included as a language of publication.

5. According to the preliminary cost estimate obtained from an informal discussion with the International Bureau, the cost for the International Bureau to implement our proposal would only be CHF 2.5 million in 2008 and CHF 3.2 million in 2009. At the same time, it is estimated that if Korean were an official language, the PCT fee revenue from the Republic of Korea would jump to CHF 15 million in 2008 and CHF 20 million in 2009, from the CHF 11 million<sup>4</sup> in 2007 and the CHF 8.9 million in 2006.

6. This increased PCT fee revenue from the Republic of Korea should adequately cover any associated costs for the International Bureau in implementing our proposal, and even yield a net surplus. The surplus will benefit PCT users everywhere and help support WIPO activities for developing countries and LDCs.

*Accessibility and readability of documents published in Korean*

7. The inclusion of Korean as a language of publication, along with the subsequent growth in PCT applications from the Republic of Korea, is expected to enhance the quality of the PCT system and lead to the publication of more high-quality Korean inventions in the international domain. The anticipated difficulty of accessing and reading documents published in Korean will be minimized by a Korean-English machine translation system developed by the Korean Intellectual Property Office (KIPO). That system is currently used by several other patent offices around the world.

*Guarantee of support for the International Bureau*

8. Deploying the Korean-English machine translation will be a great help to the International Bureau in terms of reducing the cost of translation and resolving issues of accessibility and readability. In addition, KIPO guarantees to compensate the International Bureau for any deficit between the cost of implementing the proposal and the revenue from

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<sup>1</sup> PCT Yearly Review 2006, WIPO, page 3.

<sup>2</sup> PCT filings from selected countries, WO/PBC/12/3, page 19.

<sup>3</sup> The PCT fee revenue from the Republic of Korea in 2006 was about CHF 8.9 million.

<sup>4</sup> The revenue of 2007 is estimated from the expected number of PCT applications from the Republic of Korea, which is projected by WIPO, Chart 3. PCT filings from selected countries, WO/PBC/12/3, page 19.

the expected rise in PCT applications from the Republic of Korea. If necessary, KIPO is willing to assist the International Bureau in a variety of ways such as, for example, by securing translation services at a special rate.<sup>5</sup>

9. In short, we ask you to kindly support our proposal for the inclusion of Korean as a language of publication in the Regulations under the PCT. Aside from meeting the needs of the fifth largest group of PCT users, the inclusion of Korean will enhance the basic PCT spirit of promoting the creation and protection of inventions within the PCT system. Furthermore, the increase in PCT applications from the Republic of Korea should lead to an increase in WIPO revenue and the advancement of the international IP community, for the benefit of everyone, including developing countries and LDCs. We therefore implore the entire IP community to accept the reasonableness of our proposal and to give us your whole-hearted support.

## PROPOSAL

10. The Government of the Republic of Korea proposes an amendment to Rule 48.3(a) of the Regulations under the PCT, regarding the inclusion of Korean as one of the official languages of publication for international applications.

11. Rule 48.3(a), which currently lists Arabic, Chinese, English, French, German, Japanese, Russian and Spanish as the official languages of publication for international applications, stipulates that an international application filed in one of these languages should be published in the language in which it was filed. In addition, Rule 48.3(b) stipulates that if an international application is not filed in a language of publication and a translation into a language of publication has been furnished under Rule 12.3 or 12.4, that application should be published in the language of that translation.

12. We therefore propose that the Assembly of the PCT contracting parties amend Rule 48.3(a) to include Korean as one of the languages of publication.

## RATIONALE OF THE PROPOSAL

### *The needs of the PCT customers*

#### — *The spirit and growth of the PCT system*

13. Ever since the member states of WIPO signed the PCT at the Washington Diplomatic Conference in 1970, the PCT system has been expanding rapidly from a quantitative point of view. For instance, the number of PCT applications around the world soared from a mere 636 in 1978 to 147,500 in 2006.<sup>6</sup>

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<sup>5</sup> The Korea Institute of Patent Information, a subsidiary of KIPO, may take part in the outsourcing process of the International Bureau for the translation of documents published in Korean and provide the translation service at a special rate.

<sup>6</sup> PCT Yearly Review 2006, WIPO, page 3.

14. With the upsurge in PCT applications, the PCT services were extended to applicants all over the world and efforts were made to attract potential PCT applicants through the provision of a better filing service. For instance, the PCT contracting parties have clearly endeavored to attract more PCT users and enhance user convenience with the policy of expanding the list of official languages of publication from the original five languages<sup>7</sup> to eight languages.<sup>8</sup>

15. The Government of the Republic of Korea fully supports the policy and believes that further expansion of the official languages of publication to include Korean would serve to heighten the spirit and growth of the PCT system.

— *Statistical basis for the proposal*

16. The Republic of Korea became the fifth largest PCT country in 2006 with 5,935 PCT applications.<sup>9</sup> Of those applications, 3,584 were filed in Korean, making Korean the fifth most common language of filing for the PCT system.<sup>10</sup> According to WIPO expectations, the Republic of Korea's growth in PCT filing is expected to continue in 2007, which would make the Republic of Korea the fourth largest PCT country after the United States of America, Japan and Germany.<sup>11</sup>

17. According to the WIPO Income Estimates for 2006-2007, the expected income from PCT fees makes up 75% of the total income.<sup>12</sup> Thus, PCT users from the Republic of Korea, who constitute the fifth largest group of applicants, obviously make a significant financial contribution to WIPO's activities for the international IP community. For instance, the amount of PCT fees from the Republic of Korea was about CHF 8.9 million in 2006.<sup>13</sup>

18. In spite of the Republic of Korea's considerable PCT applications and financial contribution to the PCT system and the international IP community, PCT users from the Republic of Korea experience inconvenience in using the PCT system. At present, for example, when we file a PCT application in Korean, we are obliged to furnish a translation of the application in one of the languages of publication for the international publication.

19. This language barrier prevents applicants from the Republic of Korea from fully utilizing the PCT system. Table 1 shows that the usage by applicants from the Republic of Korea of the PCT system is significantly less than that of Japan and Germany. In 2005, for instance, the Republic of Korea's overall patent filings to other countries numbered 39,367. Of those, 33,873 were filed directly through the Paris Convention and 5,494 were filed through the PCT system. The portion of the Republic of Korea's filings abroad through the PCT system was just 13.96%, whereas the corresponding portion of PCT usage was 28.39% in Japan and 52.68% in Germany.

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<sup>7</sup> English, French, German, Japanese and Russian.

<sup>8</sup> Arabic, Chinese, English, French, German, Japanese, Russian and Spanish.

<sup>9</sup> PCT Yearly Review 2006, WIPO, page 3.

<sup>10</sup> Ibid. page 5.

<sup>11</sup> Chart 3. PCT filings from selected countries, WO/PBC/12/3, page 19.

<sup>12</sup> Chart 1. Evolution of the Income of the Organization, WO/PBC/12/2, page 17.

<sup>13</sup> The unit income per PCT application, CHF 1,500, is derived from the PCT income of CHF 222.46 million in 2006 (WO/PBC/12/2, page 21); and the 5,935 PCT applications from the Republic of Korea in 2006 yield CHF 8.9 million in revenue.

Table 1. Comparative usage of the PCT system for the Republic of Korea, Japan and Germany

The Republic of Korea		
	2004	2005
Direct filings to other countries (Paris Convention)	26,718	33,873
PCT national phase entries to other countries <sup>14</sup>	4,218	5,494
Overall patent filings to other countries	30,936	39,367
PCT/overall patent filings to other countries	13.63%	13.96%
Japan		
	2004	2005
Direct filings to other countries (Paris Convention)	102,421	111,182
PCT national phase entries to other countries	35,587	44,082
Overall patent filings to other countries	138,008	155,264
PCT/overall patent filings to other countries	25.79%	28.39%
Germany <sup>15</sup>		
	2004	2005
Direct filings to other countries (Paris Convention)	22,993	24,116
PCT national phase entries to other countries	24,500	26,853
Overall patent filings to other countries	47,493	50,969
PCT/overall patent filings to other countries	51.59%	52.68%

Source: WIPO Statistics Database

20. However, the inclusion of Korean as one of the official languages of publication will enhance the convenience of preparing for the international phase and undoubtedly encourage more applicants from the Republic of Korea to use the PCT system when they file patent applications abroad. Moreover, such a user-centered policy would enhance the spirit of the PCT system and lead to the advancement of the system in terms of quantity and quality. We therefore hope that all members will support our proposal.

*Increase of WIPO revenue and positive impact for everyone including developing countries and LDCs*

— *Projection of PCT applications in The Republic of Korea*

21. In a new global trend, an ever-increasing number of applicants are filing patent applications abroad.<sup>16</sup> This global trend can also be seen in the Republic of Korea. While the growth rate for patent applications in the Republic of Korea over the past five years is just 12%, the growth rate for PCT applications over the same period is a remarkable 24%. In fact, in 2006, the annual growth rate for PCT applications was 26.6% (Table 2).

<sup>14</sup> These figures are obtained by deducting the number of self-designations from the number of PCT national phase entries. For instance, the number of PCT national phase entries from the Republic of Korea in 2005 was 5,740, which contains 246 entries to the Republic of Korea itself.

<sup>15</sup> The figures for Germany do not include German originated filings through European Patent Office (EPO).

<sup>16</sup> WIPO Patent Report 2007, page 9.

Table 2. The trend of PCT applications in the Republic of Korea

Year	2002	2003	2004	2005	2006
Total patent applications	106,136	118,651	140,115	160,921	166,189
Growth rate of patent applications		11.8%	18.1%	14.8%	3.3%
Total PCT applications	2,520	2,949	3,558	4,687	5,935
Growth rate of PCT applications		17.0%	20.7%	31.7%	26.6%

Source: WIPO Statistics Database

22. The growth trend in PCT applications makes the expected increase in PCT applications from the Republic of Korea seem quite natural. However, the growth rate is expected to receive a significant boost when Korean is included as a language of publication. The number of PCT applications from the Republic of Korea should eventually reach 20,110 by 2012 (item 2 of Table 3). This estimate is about 10% of the expected saturation level of all patent applications, which are around 200,000. (See Annex III for details of the projection on PCT applications from the Republic of Korea.)

— *Financial benefits to the international IP community, including developing countries and LDCs*

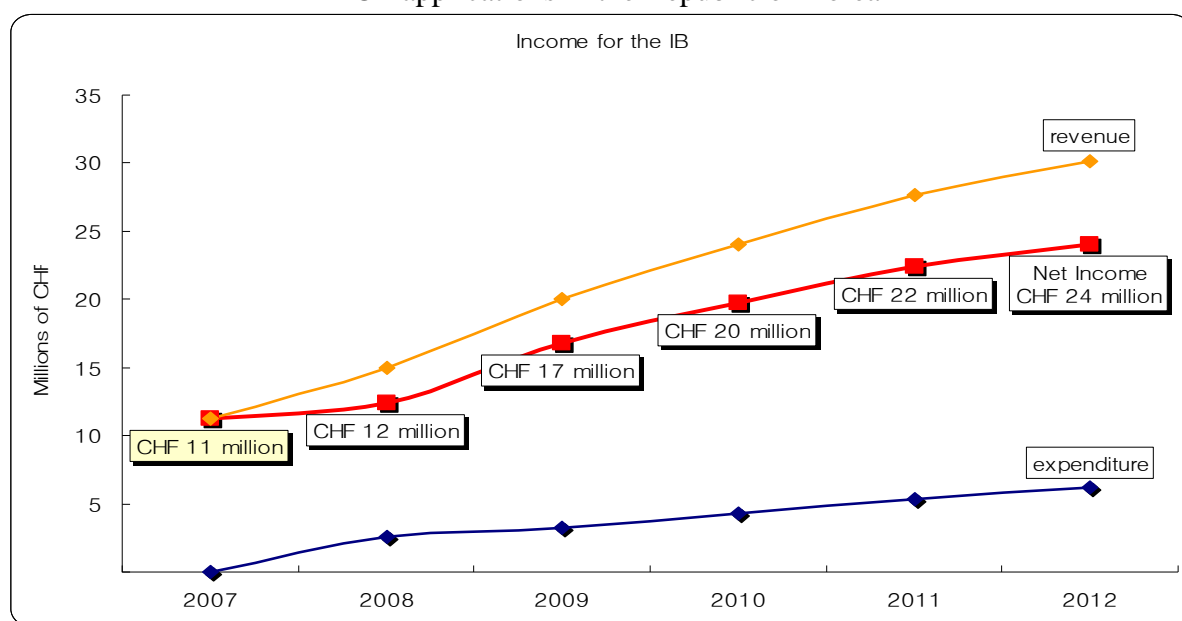
23. In 2006, the revenue from PCT fees from the Republic of Korea was about CHF 8.9 million and this amount is expected to increase further, because the number of PCT applications from the Republic of Korea is expected to soar as soon as Korean is included as a language of publication. The revenue from the implementation of our proposal (item 3 of Table 3) should be huge enough to cover all of the International Bureau's costs of implementation (Fig. 1); the cost estimate (item 4 of Table 3) was obtained from an informal discussion with the International Bureau. For instance, in the first year of including Korean as a language of publication, the revenue from PCT fees from the Republic of Korea is expected to be greater than CHF 15 million whereas the estimated expenditure is only CHF 2.5 million.

24. In short, the revenue generated by the inclusion of Korean as a language of publication will not only offset the cost of implementation but also enhance various WIPO activities. The proposal will ultimately contribute to the advancement of the international IP community and, in particular, the IP development of developing countries and LDCs. (Details of our analysis can be found in Annex III.)

Table 3. The projection of PCT applications in the Republic of Korea and the income of the International Bureau

Year	2007	2008	2009	2010	2011	2012
1. Projected total of patent applications	187,601	200,101	205,101	200,101	205,101	201,101
2. Projected total of PCT applications from the Republic of Korea	7,534	10,005	13,332	16,008	18,459	20,110
<b>3. Revenue<sup>17</sup></b>	<b>CHF 11,301,000</b>	<b>CHF 15,007,575</b>	<b>CHF 19,997,348</b>	<b>CHF 24,012,120</b>	<b>CHF 27,688,635</b>	<b>CHF 30,165,150</b>
PCT fee income from the Republic of Korea		CHF 15,007,575	CHF 19,997,348	CHF 24,012,120	CHF 27,688,635	CHF 30,165,150
<b>4. Expenditure<sup>18</sup></b>		<b>CHF 2,569,000</b>	<b>CHF 3,227,000</b>	<b>CHF 4,248,800</b>	<b>CHF 5,302,000</b>	<b>CHF 6,169,000</b>
IT system modification		CHF 450,000	-	-	-	-
Examinations & Publications		CHF 136,000	CHF 557,000	CHF 693,000	CHF 829,000	CHF 829,000
Outsourced translations		CHF 1,585,000	CHF 2,272,000	CHF 2,958,000	CHF 3,677,000	CHF 4,344,000
In-house translations		CHF 398,000	CHF 398,000	CHF 597,800	CHF 796,000	CHF 996,000
<b>5. Net income (revenue minus expenditure)</b>		<b>CHF 12,438,575</b>	<b>CHF 16,770,348</b>	<b>CHF 19,763,320</b>	<b>CHF 22,386,635</b>	<b>CHF 23,996,150</b>

Fig. 1. Projected income of the International Bureau from PCT applications in the Republic of Korea



<sup>17</sup> The unit of revenue per PCT application is set at CHF 1,500. See Annex III for the details.

<sup>18</sup> The items and preliminary figures of cost estimates were obtained from informal discussions with the International Bureau on August 14, 2007.

*Accessibility and readability of PCT applications in the Korean language*

25. The Government of the Republic of Korea is aware of a concern regarding the expected difficulty of accessing and reading documents published in the Korean language. However, this concern is not unique to the Korean language. Every language group inherently faces the same problem. Hence, when considering why the Regulations under the PCT permit multiple languages as a language of publication instead of a single language, we presume that, in spite of the inherent communication problems, multiple languages were considered to attract a wider range of users from diverse language groups.

26. Whilst acknowledging limitations in the accessibility and readability of documents published in the Korean language, we propose a practical means of addressing this matter.

27. KIPO has developed a machine translation system<sup>19</sup> that translates Korean to English with a translation accuracy of about 80%. The system has already been made available to assist other patent offices in accessing patent documents published in the Korean language. Once the translation system is utilized in the PCT system, issues regarding the accessibility and readability of Korean documents will be minimized and the financial burden of translation for the International Bureau will also be minimized.

**CONCLUSION**

28. The language barrier is responsible for applicants from the Republic of Korea sending more than 80% of their international patent applications via a route other than the PCT system. The Government of the Republic of Korea therefore requests that the members of the PCT Union make a rational and reasonable decision of including Korean as a language of publication in Rule 48.3(a) of the Regulations under the PCT.

29. A decision in favor of our proposal will yield a growth in PCT applications from the Republic of Korea and boost the PCT fee revenue for the International Bureau beyond the 2006 level of CHF 8.9 million. The increased revenue will not only offset the costs of implementing the proposal but also leave WIPO with a net surplus. WIPO can then use that surplus for the development of the international IP infrastructure and for the IP development of developing countries and LDCs.

30. If, in spite of our projection, the cost of implementing our proposal were to outweigh the increased revenue, KIPO guarantees to compensate the International Bureau for the deficit. For instance, the Institute of Patent Information of the Republic of Korea, a subsidiary of KIPO, will gladly assist the International Bureau as an outsourcing agency<sup>20</sup> with regard to the translation of documents published in Korean, and it will offer its translation services to the International Bureau at a special rate.

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<sup>19</sup> The machine translation is currently serviced for Korean patent information through the Korean Patent Information Online Network (K-PION; [www.K-PION.net](http://www.K-PION.net)) and Korean Industrial Property Rights Information Service (KIPRIS; [www.eng.kipris.or.kr](http://www.eng.kipris.or.kr)). K-PION is accessed by an authorized IP address, and the service on KIPRIS is open to public with fee.

<sup>20</sup> The International Bureau outsources more than 35% of its translation work, PCT Yearly Review 2006, page 9.



31. Any difficulty of accessing and reading documents published in Korean will be minimized by KIPO's Korean-English machine translation system, which is currently being used by several other patent offices around the world.

32. For all these reasons, the Government of the Republic of Korea encourages the members of the PCT Union to adopt our proposal to include Korean as a language of publication in the Regulations under the PCT.

33. As to the entry into force of the proposed amendments to the Regulations set out in Annex I, based on information obtained in informal discussions with the International Bureau as to the time that would be required by the International Bureau to implement the necessary changes, in particular to the procedural (outsourcing of translation work) and legal framework and to related IT systems, it would appear to be appropriate to allow for about 15 months to elapse from the adoption of the amendments. It is thus proposed that the proposed amendments to the PCT Regulations enter into force on January 1, 2009, and that they apply to international applications whose international filing date is on or after January 1, 2009.

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

*(i) to adopt the proposed amendments of the Regulations under the PCT set out in Annex I; and*

*(ii) to adopt the proposed decision set out in Annex II relating to entry into force.*

[Annexes follow]

ANNEX I

PROPOSED AMENDMENTS OF THE PCT REGULATIONS:<sup>21</sup>

ADDITION OF KOREAN AS A LANGUAGE OF PUBLICATION

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<sup>21</sup> Proposed additions and deletions are indicated, respectively, by underlining and striking through the text concerned. Certain provisions that are not proposed to be amended may be included for ease of reference.

**Rule 48**

**International Publication**

48.1 and 48.2 [No change]

48.3 *Languages of Publication*

(a) If the international application is filed in Arabic, Chinese, English, French, German, Japanese, [Korean](#), Russian or Spanish (“languages of publication”), that application shall be published in the language in which it was filed.

(b) [No change] If the international application is not filed in a language of publication and a translation into a language of publication has been furnished under Rule 12.3 or 12.4, that application shall be published in the language of that translation.

(c) [No change] If the international application is published in a language other than English, the international search report to the extent that it is published under Rule 48.2(a)(v), or the declaration referred to in Article 17(2)(a), the title of the invention, the abstract and any text matter pertaining to the figure or figures accompanying the abstract shall be published both in that language and in English. The translations shall be prepared under the responsibility of the International Bureau.

48.4 to 48.6 [No change]

[Annex II follows]

ANNEX II

PROPOSED DECISION RELATING TO ENTRY INTO FORCE<sup>22</sup>

It is proposed that the Assembly adopt the following decision concerning entry into force of the proposed amendments of the Regulations set out in Annex I:

“The amendments set out in Annex I shall enter into force on January 1, 2009, and shall apply to international applications whose international filing date is on or after January 1, 2009.”

[Annex III follows]

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<sup>22</sup> As to the entry into force of the proposed amendments to the Regulations set out in Annex I, based on information obtained in informal discussions with the International Bureau as to the time that would be required by the International Bureau to implement the necessary changes, in particular to the procedural (outsourcing of translation work) and legal framework and to related IT systems, it would appear to be appropriate to allow for about 15 months to elapse from the adoption of the amendments. It is thus proposed that the proposed amendments to the PCT Regulations enter into force on January 1, 2009, and that they apply to international applications whose international filing date is on or after January 1, 2009.

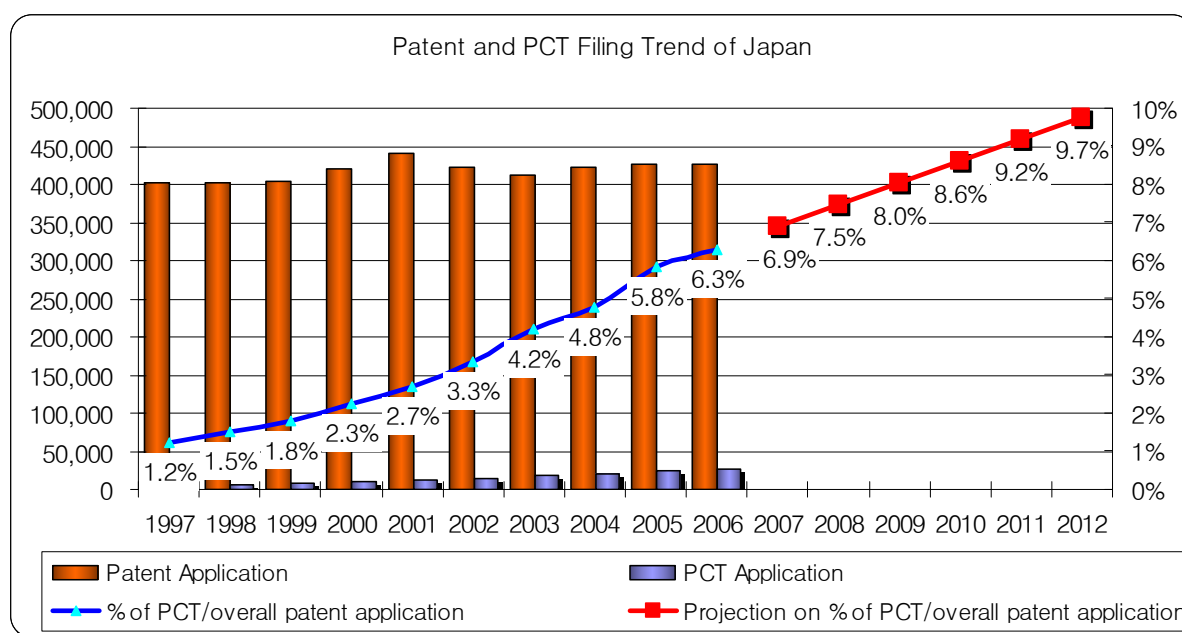
## ANNEX III

PROJECTION ON PCT APPLICATIONS IN THE REPUBLIC OF KOREA  
AND INCOME FOR THE INTERNATIONAL BUREAU

PROJECTION ON PCT APPLICATIONS IN THE REPUBLIC OF KOREA

1. To get a projection on the number of PCT applications from the Republic of Korea, we closely observed the proportion of PCT applications among the total patent applications. In a country with a developed IP culture and history, there is generally a slowdown in the growth rate of patent applications but owing to the internationalization of patent filing, a rise in the portion of PCT applications.<sup>23</sup> In Japan, for instance, where the number of patent applications peaked in the years 2000 and 2001, PCT applications are a steadily increasing portion of the overall applications; furthermore, the portion is expected to reach 10% by 2012 (Fig 2).

Fig. 2. Patent and PCT filing trend of Japan



Source for the past trend: WIPO Statistics Database

2. From a quantitative point of view, the total number of patent applications in the Republic of Korea, as well as the proportion of PCT applications to the total number of patent applications, is just half that of Japan. However, we are confident that the new trend of international patent filing will also prevail in the Republic of Korea and that the composition of patent applications, particularly the proportion of international applications to the total number of patent applications, will soon bear a strong likeness to that of developed countries. We are also confident that more applicants from the Republic of Korea will use the PCT system for international applications as soon as Korean is included as a language of publication in the Regulations under the PCT.

<sup>23</sup> WIPO Patent Report, 2007, page 9.

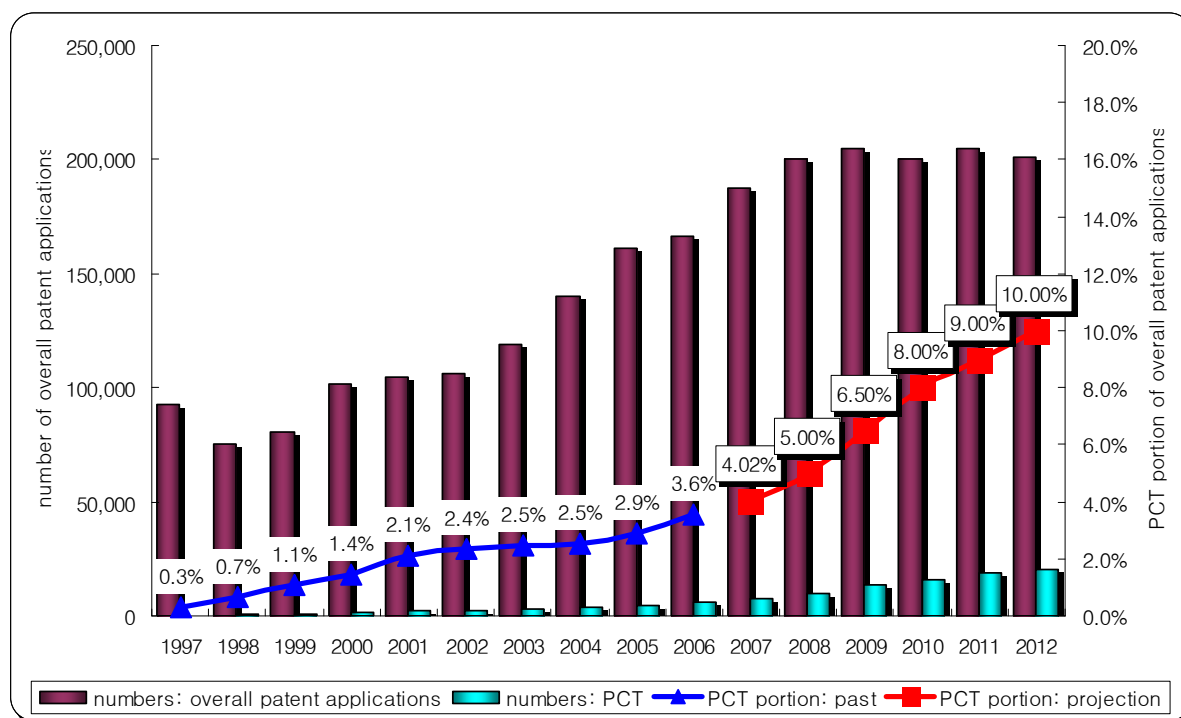
3. For all these reasons, and in line with the global trend and the trend in Japan, we estimate that PCT applications from the Republic of Korea will represent 10% of all patent applications in the Republic of Korea by 2012 (Fig. 3; item 2 of Table 4). Furthermore, we assume that the total number of patent applications in the Republic of Korea will peak in 2008 (Fig. 3; item 1 of Table 4), even though that total has had an average growth rate of 13% over the past five years. On the basis of these assumptions, we deduce that the number of PCT applications will exceed 20,000 by 2012, as shown in item 3 of Table 4, and that the total number of patent applications will remain at around 200,000.

Table 4. Projection on PCT applications in the Republic of Korea

	2006	2007	2008	2009	2010	2011	2012
1. Projected total patent applications in the Republic of Korea	166,189	187,601	200,101	205,101	200,101	205,101	201,101
2. Projected portion of PCT applications	3.6%	4.02%	5.00%	6.50%	8.00%	9.00%	10.00%
3. Projected total PCT applications if Korean is a language of publication	5,935	7,534	10,005	13,332	16,008	18,459	20,110
4. Growth rate of PCT applications	26.9%	26.9%	32.8%*	33.2%*	20.1%	15.3%	8.9%

\* The growth rate is expected to jump significantly for the first and second year when Korean is included as a language of publication.

Fig. 3. Projection on the portion of PCT of overall patent applications in the Republic of Korea



4. In short, the number of PCT applications will increase more than the *status quo*, when Korean is included as a language of publication, while the PCT application portion will stay at around 10% of overall patent applications, as the number of overall patent applications and the growth rates of the PCT applications maintain steady state eventually.

#### PROJECTION OF THE INCOME OF THE INTERNATIONAL BUREAU WHEN IMPLEMENTING THE PROPOSAL

5. The projected income of the International Bureau when implementing our proposal of including Korean as a language of publication in Rule 48.3(a) of the Regulations under the PCT is explained below.

##### *Revenue from the implementation of the proposal*

6. The unit PCT fee revenue per PCT application from the Republic of Korea is estimated to be CHF 1,500 based on the WIPO statistics, which shows the overall PCT income was CHF 222 million and the total number of PCT application was 147,500 in 2006.<sup>24</sup>

7. With this unit PCT fee revenue and the projected number of PCT applications from the Republic of Korea, the revenue for the International Bureau from the implementation of the proposal is calculated and shown in item 3 of Table 5. As an instance, the International Bureau will get CHF 15,007,575 as its revenue at the first year of implementation of the proposal when the number of PCT applications from the Republic of Korea will be 10,005.

##### *Expenditure implementing the proposal*

8. If the Korean language is included as one of the languages of publication and a PCT application is filed and published in the Korean language, the International Bureau is required to translate the title and abstract of the application, as well as the international search report, into English, which is mostly relied on outsourcing. In addition to the translation work, other costs, such as translation in-house cost, cost for IT system modification, and the examination and publication cost.

9. Item 5 of Table 5 shows the estimated additional cost for the International Bureau to implementing the proposal. For instance, the overall cost for the International Bureau at the first year of implementing the proposal is estimated to be CHF 2,569,000. The costing estimate was obtained after informal discussion with the international Bureau.

##### *Net income from the implementation of the proposal*

10. As shown in item 3 of Table 5, the revenue from PCT fees from the Republic of Korea is expected to exceed CHF 15 million at the first year of implementation of the proposal. This is a huge income compared to the projected cost for the International Bureau. Every year after including Korean as a language of publication, the International Bureau will enjoy net surplus owing to the increased revenue from the PCT applications from the Republic of Korea (item 6, Table 5, Fig 4).

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<sup>24</sup> Chart 7. PCT Income (2002-2011), WO/PBC/12/3, page 21, PCT Yearly Review 2006, WIPO, page 3.

11. Moreover, even if we apply only the increased revenue compared to the revenue of 2007 (item 4 of Table 5), the increased revenue is also huge enough to cover the expenditure for the International Bureau to implement the proposal. As an instance, at the first year of implementation of the proposal, we expect CHF 15 million PCT fees income from the Republic of Korea, which is CHF 3.7 million larger than the revenue of 2007<sup>25</sup>, while the estimated cost would be just CHF 2.5 million.

Table 5. Projected income for the International Bureau

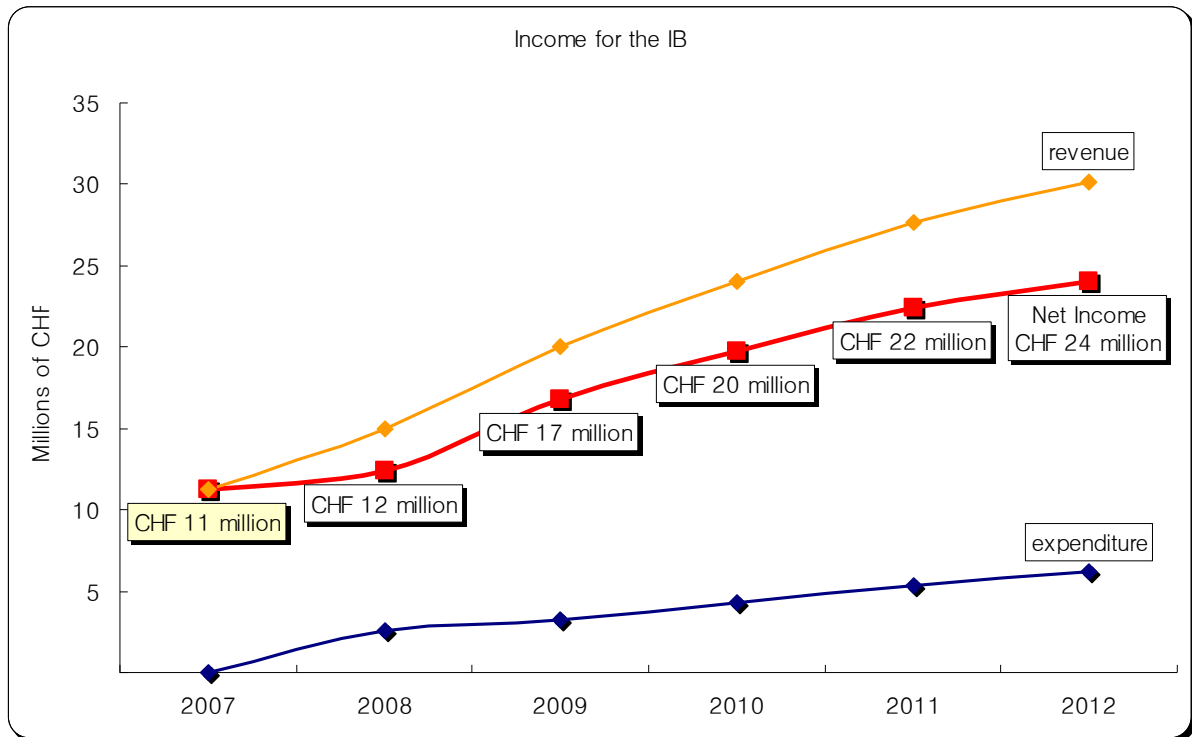
Year	2007	2008	2009	2010	2011	2012
1. Projected total patent applications	187,601	200,101	205,101	200,101	205,101	201,101
2. Projected total PCT applications from the Republic of Korea	7,534	10,005	13,332	16,008	18,459	20,110
<b>3. Revenue</b>	<b>CHF 11,301,000</b>	<b>CHF 15,007,575</b>	<b>CHF 19,997,348</b>	<b>CHF 24,012,120</b>	<b>CHF 27,688,635</b>	<b>CHF 30,165,150</b>
PCT fee income from the Republic of Korea		CHF 15,007,575	CHF 19,997,348	CHF 24,012,120	CHF 27,688,635	CHF 30,165,150
4. Revenue increase compared to 2007		CHF 3,706,575	CHF 8,696,348	CHF 12,711,120	CHF 16,387,635	CHF 18,864,150
<b>5. Expenditure<sup>26</sup></b>	-	<b>CHF 2,569,000</b>	<b>CHF 3,227,000</b>	<b>CHF 4,248,800</b>	<b>CHF 5,302,000</b>	<b>CHF 6,169,000</b>
IT system modification		CHF 450,000	-	-	-	-
Examinations & Publications		CHF 136,000	CHF 557,000	CHF 693,000	CHF 829,000	CHF 829,000
Outsourced Translations		CHF 1,585,000	CHF 2,272,000	CHF 2,958,000	CHF 3,677,000	CHF 4,344,000
In-house translations		CHF 398,000	CHF 398,000	CHF 597,800	CHF 796,000	CHF 996,000
<b>6. Net Income (revenue minus expenditure)</b>	<b>CHF 11,301,000</b>	<b>CHF 12,438,575</b>	<b>CHF 16,770,348</b>	<b>CHF 19,763,320</b>	<b>CHF 22,386,635</b>	<b>CHF 23,996,150</b>

<sup>25</sup> The revenue of 2007 is estimated from the expected number of PCT applications from the Republic of Korea, which is projected by WIPO, Chart 3. PCT filings from selected countries, WO/PBC/12/3, page 19.

<sup>26</sup> The costing estimate is preliminary figures obtained after informal discussions with the International Bureau.



Fig. 4. Projection of the net income of the International Bureau



[End of Annex III and of document]