

WIPO



PCT/R/WG/4/8

ORIGINAL: English

DATE: March 20, 2003

WORLD INTELLECTUAL PROPERTY ORGANIZATION

GENEVA

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

**WORKING GROUP ON REFORM OF THE PATENT
COOPERATION TREATY (PCT)**

Fourth Session

Geneva, May 19 to 23, 2003

**ABOLITION OF THE HANDLING FEE
AND INCORPORATION INTO
THE INTERNATIONAL FILING FEE**

Document prepared by the International Bureau

BACKGROUND

1. At its third session, the Working Group reviewed proposals for reform of the PCT which had already been submitted to the Committee on Reform of the PCT or the Working Group but not yet considered in detail and agreed on the priority of those proposals, with a view to their inclusion in the work program of the Working Group. Among the proposals reviewed by the Working Group were proposals related to PCT fees (see document PCT/R/WG/3/1, Annex I, items 15 (“Eliminate fee for each page in excess of 30 sheets”) and 16 (“Reassess fees”)).

2. During the discussions on those proposals by the Working Group, it was recalled that, following the amendments of the Regulations adopted by the Assembly in October 2002 and the introduction of the “flat” international filing fee, which would come into effect on January 1, 2004, a process to determine the amount of that fee had already started in the course of preparing WIPO’s Draft Program and Budget 2004-2005, taking into consideration the proposed level of budgetary resources, including reserve requirements (see document PCT/A/31/10, paragraphs 50 and 51, and the summary of the third Working Group session by the Chair, document PCT/R/WG/3/5, paragraphs 44 and 45). As part of that

process, the structure of fees payable for the benefit of the International Bureau has been reviewed, including the need for a separate handling fee under Chapter II.

3. It is noted that the handling fee is paid for the benefit of the International Bureau in cases where the applicant files a demand for international preliminary examination. The work undertaken by the International Bureau in connection with the processing of the demand includes publication of information about the filing of the demand and, most notably, the translation (where necessary), and communication to elected Offices, of the international preliminary examination report. Much of that work will, however, with the implementation of the enhanced international search and international preliminary examination system with effect from January 1, 2004, be performed in respect of the international preliminary report on patentability under Chapter I of the PCT which will be established in respect of each and every international application, irrespective of whether a demand is filed. There is therefore no longer any need to maintain the handling fee as a separate fee.

4. The International Bureau therefore now proposes that the separate handling fee be abolished and that it be incorporated into the new "flat" international filing fee that is to enter into force on January 1, 2004. Annex I contains proposals for amendments to the Regulations which would be consequential on the abolition of the handling fee.

5. The amount of 1,530 Swiss francs shown in the proposed amended Schedule of Fees in Annex I is utilized for the calculation of the estimated income in the context of the WIPO's proposed program and budget 2004-2005 presented in document WO/PBC/6/2. The amount is recalled in Appendix C of that document. Annex II of the present document also contains an extract from document WO/PBC/6/2 concerning fees and fee income in respect of international applications under the PCT.

6. It is to be noted that amendments to certain Rules dealing with fees, including the handling fee, were adopted by the Assembly at its thirty-first session and are due to enter into force on January 1, 2004 (see document PCT/A/31/10, Annex V). Consequential on the proposal to abolish the handling fee, some of those Rules would have to be further amended.

7. The Working Group is invited to consider the proposals contained in Annex I.

[Annex I follows]

ANNEX I

PROPOSED AMENDMENTS OF THE PCT REGULATIONS:

INCLUSION OF THE HANDLING FEE
IN THE INTERNATIONAL FILING FEE

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Rule 57¹

[Deleted] ~~The Handling Fee~~

[COMMENT: As to the reasons for the proposed deletion of this Rule, see paragraph 3 under “Background,” above.]

~~57.1 Requirement to Pay~~

~~Each demand for international preliminary examination shall be subject to the payment of a fee for the benefit of the International Bureau (“handling fee”) to be collected by the International Preliminary Examining Authority to which the demand is submitted.~~

~~57.2 Amount~~

~~(a) The amount of the handling fee is as set out in the Schedule of Fees.~~

~~(b) [Deleted]~~

~~(c) The handling fee shall be payable in the currency or one of the currencies prescribed by the International Preliminary Examining Authority (“prescribed currency”), it being understood that, when transferred by that Authority to the International Bureau, it shall be freely convertible into Swiss currency. The amount of the handling fee shall be established, in each prescribed currency, for each International Preliminary Examining Authority which prescribes the payment of the handling fee in any currency other than Swiss currency, by the~~

¹ The “present” text shown is that of Rule 57 as amended by the Assembly on October 1, 2002 (see document PCT/A/31/10) and due to enter into force on January 1, 2004.

[Rule 57.2(c), continued]

~~Director General after consultation with the Office with which consultation takes place under Rule 15.2(b) in relation to that currency, or, if there is no such Office, with the Authority which prescribes payment in that currency. The amount so established shall be the equivalent, in round figures, of the amount in Swiss currency set out in the Schedule of Fees. It shall be notified by the International Bureau to each International Preliminary Examining Authority prescribing payment in that prescribed currency and shall be published in the Gazette.~~

~~(d) Where the amount of the handling fee set out in the Schedule of Fees is changed, the corresponding amounts in the prescribed currencies shall be applied from the same date as the amount set out in the amended Schedule of Fees.~~

~~(e) Where the exchange rate between Swiss currency and any prescribed currency becomes different from the exchange rate last applied, the Director General shall establish the new amount in the prescribed currency according to directives given by the Assembly. The newly established amount shall become applicable two months after its publication in the Gazette, provided that the interested International Preliminary Examining Authority and the Director General may agree on a date falling during the said two month period in which case the said amount shall become applicable for that Authority from that date.~~

[COMMENT: The directives given by the Assembly would have to be modified accordingly.]

~~57.3 Time Limit for Payment; Amount Payable~~

~~(a) Subject to paragraphs (b) and (c), the handling fee shall be paid within one month from the date on which the demand was submitted or 22 months from the priority date, whichever expires later.~~

~~(b) Subject to paragraph (c), where the demand was transmitted to the International Preliminary Examining Authority under Rule 59.3, the handling fee shall be paid within one month from the date of receipt by that Authority or 22 months from the priority date, whichever expires later.~~

~~(c) Where, in accordance with Rule 69.1(b), the International Preliminary Examining Authority wishes to start the international preliminary examination at the same time as the international search, that Authority shall invite the applicant to pay the handling fee within one month from the date of the invitation.~~

~~(d) The amount of the handling fee payable shall be the amount applicable on the date of payment.~~

~~57.4 and 57.5 [Deleted]~~

~~57.6 Refund~~

~~The International Preliminary Examining Authority shall refund the handling fee to the applicant:~~

[Rule 57.6, continued]

~~(i) if the demand is withdrawn before the demand has been sent by that Authority to the International Bureau, or~~

~~(ii) if the demand is considered, under Rule 54.4 or 54bis.1(b), not to have been submitted.~~

Rule 58

The Preliminary Examination Fee

58.1 *Right to Ask for a Fee*

(a) [No change]

(b) The amount of the preliminary examination fee, if any, shall be fixed by the International Preliminary Examining Authority. ~~As to the time limit for payment of the preliminary examination fee and the amount payable, the provisions of Rule 57.3 relating to the handling fee shall apply *mutatis mutandis*.~~

[COMMENT: Proposed amendment consequential on proposed deletion of Rule 57.3, above. See also proposed new Rule 58.2, below.]

(c) [No change]

58.2 *Time Limit for Payment; Amount Payable*

(a) Subject to paragraphs (b) and (c), the preliminary examination fee shall be paid within one month from the date on which the demand was submitted or 22 months from the priority date, whichever expires later.

[COMMENT: Modeled after Rule 57.3(a) (as amended with effect from January 1, 2004), the deletion of which is proposed above.]

[Rule 58.2, continued]

(b) Subject to paragraph (c), where the demand was transmitted to the International Preliminary Examining Authority under Rule 59.3, the preliminary examination fee shall be paid within one month from the date of receipt by that Authority or 22 months from the priority date, whichever expires later.

[COMMENT: Modeled after Rule 57.3(b) (as amended with effect from January 1, 2004), the deletion of which is proposed above.]

(c) Where, in accordance with Rule 69.1(b), the International Preliminary Examining Authority wishes to start the international preliminary examination at the same time as the international search, that Authority shall invite the applicant to pay the preliminary examination fee within one month from the date of the invitation.

[COMMENT: Modeled after Rule 57.3(c) (as amended with effect from January 1, 2004), the deletion of which is proposed above.]

(d) The amount of the preliminary examination fee payable shall be the amount applicable on the date of payment.

[COMMENT: Modeled after Rule 57.3(d) (as amended with effect from January 1, 2004), the deletion of which is proposed above.]

58.3 [No change]

Rule 58bis²

Extension of Time Limit ~~Limits~~ for Payment of Preliminary Examination Fee ~~Fees~~

[COMMENT: The proposed amendment is consequential on the proposed deletion of Rule 57, above.]

58bis.1 Invitation by the International Preliminary Examining Authority

- (a) Where the International Preliminary Examining Authority finds:
- (i) that the amount paid to it is insufficient to cover ~~the handling fee and~~ the preliminary examination fee; or
 - (ii) by the time it is ~~they are~~ due under Rule 58.2 ~~Rules 57.3 and 58.1(b)~~, that no preliminary examination fees ~~was~~ were paid to it;

the Authority shall invite the applicant to pay to it the amount required to cover that ~~those~~ fees, together with, where applicable, the late payment fee under Rule 58bis.2, within a time limit of one month from the date of the invitation.

[COMMENT: The proposed amendments are consequential on the proposed deletion of Rule 57, above.]

- (b) [No change]

² The “present” text shown is that of Rule 58bis as amended by the Assembly on October 1, 2002 (see document PCT/A/31/10) and due to enter into force on January 1, 2004.

[Rule 58bis.1, continued]

(c) Any payment received by the International Preliminary Examining Authority before that Authority sends the invitation under paragraph (a) shall be considered to have been received before the expiration of the time limit under [Rule 58.2](#) ~~Rule 57.3 or 58.1(b), as the case may be.~~

[COMMENT: The proposed amendment is consequential on proposed deletion of Rule 57, above.]

(d) [No change]

58bis.2 Late Payment Fee

(a) The payment of [the preliminary examination](#) fees in response to an invitation under Rule 58bis.1(a) may be subjected by the International Preliminary Examining Authority to the payment to it, for its own benefit, of a late payment fee. The amount of that fee shall be:

- (i) 50% of the amount of [the](#) unpaid fees which is specified in the invitation, or
- (ii) if the amount calculated under item (i) is less than [\[10%\] of the preliminary examination](#) ~~the handling~~ fee, an amount equal to [\[10%\] of the preliminary examination](#) ~~the handling~~ fee.

[Rule 57.2, continued]

(b) The amount of the late payment fee shall not, however, exceed ~~double~~ the amount of [20%] of the preliminary examination fee ~~the handling fee~~.

[COMMENT: The proposed amendments are consequential on the proposed deletion of Rule 57, above.]

Rule 69³

Start of and Time Limit for International Preliminary Examination

69.1 *Start of International Preliminary Examination*

(a) Subject to paragraphs (b) to (e), the International Preliminary Examining Authority shall start the international preliminary examination when it is in possession of all of the following:

- (i) [no change]
- (ii) the amount due (in full) for ~~the handling fee and~~ the preliminary examination fee, including, where applicable, the late payment fee under Rule 58*bis*.2; and
- (iii) [no change]

provided that the International Preliminary Examination Authority shall not start the international preliminary examination before the expiration of the applicable time limit under Rule 54*bis*.1(a) unless the applicant expressly requests an earlier start.

[COMMENT: The proposed amendment is consequential on the proposed deletion of Rule 57, above.]

³ The “present” text shown is that of Rule 69 as amended by the Assembly on October 1, 2002 (see document PCT/A/31/10) and due to enter into force on January 1, 2004.

[Rule 69.1, continued]

(b) to (e) [No change]

69.2 [No change]

Rule 96

The Schedule of Fees

96.1 *Schedule of Fees Annexed to Regulations*

The amount~~s~~ of the [international filing](#) fee~~s~~ referred to in Rule~~s~~ 15 ~~and 57~~ shall be expressed in Swiss currency. ~~It~~ ~~They~~ shall be specified in the Schedule of Fees which is annexed to these Regulations and forms an integral part thereof.

[COMMENT: The proposed amendment is consequential on the proposed deletion of Rule 57, above.]

SCHEDULE OF FEES⁴

Fees	Amounts
1. International Filing Fee: (Rule 15.2)	<u>1,530</u> 650 Swiss francs plus 15 Swiss francs for each sheet of the international application in excess of 30 sheets
2. Handling Fee: (Rule 57.2)	233 Swiss francs

Reductions

~~2.3.~~ The international filing fee is reduced by 200 Swiss francs if the international application is, in accordance with and to the extent provided for in the Administrative Instructions, filed:

- (a) on paper together with a copy thereof in electronic form; or
- (b) in electronic form.

~~3.4.~~ The international filing fee ~~All fees payable~~ (where applicable, as reduced under item ~~2.3~~) ~~is are~~ reduced by 75% for international applications filed by any 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); if there are several applicants, each must satisfy those criteria.

[Annex II follows]

⁴ The “present” text shown is that of the Schedule of Fees as amended by the Assembly on October 1, 2002 (see document PCT/A/31/10) and due to enter into force on January 1, 2004.

ANNEX II

EXTRACT FROM DOCUMENT WO/PBC/6/2
(PROPOSED PROGRAM AND BUDGET 2004-2005)

PCT SYSTEM: INTERNATIONAL APPLICATIONS, FEES AND FEE INCOME

The estimated income from the PCT is elaborated as part of the biennial budget process of WIPO. The Proposed Program and Budget 2004-2005 submitted in document WO/PBC/6/2 contains detailed information and estimates for the period 1998 to 2009 on the number of PCT international applications, average level of fee for each application and annual PCT income. As indicated in document WO/PBC/6/2, the proposed budget 2004-2005 amounts to Sfr655.4 million, funded by income of Sfr603.5 million and surplus resources of SFr51.9 million. In order to illustrate the magnitude of PCT income in the context of the WIPO operation, it is noted that PCT income accounts for approximately 80 per cent of total WIPO income for the biennium 2004-2005. Moreover, an adjustment in the average PCT fee by one percent is estimated to result in a change in the biennial income by Sfr4.7 million.

In the following, paragraphs 310 to 312 and Table 19 on PCT international applications, fees and fee income for the period 1998-2009 as contained in Chapter C (Financial Indicators, Income Estimates and Resource Plan) of document WO/PBC/6/2 are recalled for information.

“310. Income from PCT fees is anticipated to increase from Sfr123,881,000 in 1996 to Sfr300,402,000 in 2009 as elaborated in Table 19. International applications are anticipated to increase by 301.3 per cent, whereas average fee is being reduced by 36.9 per cent during that period.

“311. The estimated 189,800 international applications for 2009 is 66.3 per cent higher than the actual amount for 2002 of 114,100 applications. The projected number of international applications have been discussed with the trilateral offices (USPTO, JPO, EPO), and take into account the effects of the recent slowdown on patent filings, and the anticipated economic recovery. The actual level of PCT applications in 2002 was in line with the initial estimates, as it is expected will be the case for 2003, which anticipates a 7 per cent rate of growth with respect to 2002. Future years are expected to experience growth because of, on the one hand, higher levels of national patent filings as the economy situation is expected to improve, and on the other hand, as higher proportions of national filings choose the PCT-route to file internationally. This effect will be supported by a user-friendlier PCT system, by sustained reductions in PCT fees and by improved knowledge from potential applicants of the PCT System of the advantages it provides. It is worth noting the steady increases that the proportion of PCT international applications represent on national patent filings worldwide; however, the degrees of penetration are very different across regions, with the United States of America and Europe showing wider use of the PCT among their domestic patent applicants, while Japan and other World regions show a higher potential for growth. Due to the combined effect of economic evolution and regional factors, PCT international applications are projected to continue increasing, but with a decelerated rate of growth.

“312. The average fee per application in 2002 was Sfr1,626, a decrease of 7.5 per cent with respect to the average fee in 2001. This reduction is essentially attributable to the decrease in the maximum number of payable designations from six to five as of January 1, 2002. However, the reduction between 2001 and 2002 of the actual fee paid per

application was in excess of 16 per cent due to the reversal in the result of exchange rate fluctuations: PCT fees are set in Swiss francs and subsequently fixed in other currencies through an adjustment mechanism which takes into account cumulative changes in the exchange rate over time. While in 2000 and 2001 significant gains were made benefiting from the position of a strong US dollar, the progressive weakening of that currency relative to the Swiss franc during 2002, made the International Bureau to incur losses because of these currency fluctuations. In order to separate these effects from decisions made on fees by Member States, Table 19 shows the average fee calculated in Swiss francs according to the profile of the average international application, while estimating separately income from fees paid to the International Bureau as a Receiving Office and fluctuations essentially due to the fact that payments are made to national patent offices in their local currencies. As of January 1, 2004, the average fee is estimated at Sfr1,678. As of 2004, the average fee is calculated in accordance with a flat international filing fee structure. This simplified structure takes into account the processing by the International Bureau of a written opinion by the International Searching Authority in respect of every application filed. Prior to 2004, only applications for which an International Preliminary Examination Report was sought were subject to this sort of processing. In absolute terms, the average fee increases by 3.2 per cent between 2003 and 2004. Taking into account the increased volume of processing as compared to 2003, a comparative average fee for 2004 would amount to Sfr1,731. Against this amount, the indicative average 2004 fee of Sfr1,678 represents a decrease of Sfr53 or 3.1 per cent. Detailed PCT fee schedule is provided to this document. It has been indicated in the introduction to this section that following the completion of major infrastructure investments by the Secretariat, additional fee reductions could be sought. The financial projections attached to this document anticipate a further 6.0 per cent fee reduction as of January 1, 2007, which will supplement the 3.1 per cent fee reduction currently proposed as of January 1, 2004.”

Table 19
PCT System 1996-2009: Volume, Average Fee and Income

<i>Year</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
<i>International Applications</i>														
Volume	47,291	54,422	67,007	74,023	90,948	103,947	114,100	122,000	134,700	148,000	161,700	171,500	181,700	189,800
% Change	21.6%	15.1%	23.1%	10.5%	22.9%	14.3%	9.8%	6.9%	10.4%	9.9%	9.3%	6.1%	5.9%	4.5%
<i>Average Fee Per Application</i>														
Fee	2,502	2,607	2,201	2,122	1,927	1,757	1,626	1,626	1,678 ^a	1,678	1,678	1,578	1,578	1,578
% Change	17.6%	4.2%	(15.6)%	(3.6)%	(9.1)%	(8.8)%	(7.5)%	--	3.2%	--	--	(6.0)%	--	--
<i>Income (in thousands of Swiss francs)</i>														
Fee Income	118,302	141,882	147,505	157,045	175,300	182,680	185,527	198,372	226,027	248,344	271,333	270,627	286,723	299,504
WIPO RO Income	446	486	647	624	593	267	590	630	650	700	765	811	859	898
Fluctuations	5,133	9,631	(1,137)	1,387	13,663	7,404	(11,605)	--	--	--	--	--	--	--
Total, Income	123,881	151,999	147,015	159,056	189,556	190,351	174,512	199,002	226,677	249,044	272,098	271,438	287,582	300,402
% Change	49.7%	22.7%	(3.3)%	8.2%	19.2%	0.4%	(8.3)%	14.0%	13.9%	9.9%	9.3%	(0.2)%	5.9%	4.5%

^a As of 2004, the average fee is calculated in accordance with a flat international filing fee structure. This simplified structure takes into account the processing by the International Bureau of a written opinion by the International Searching Authority in respect of every application filed. Prior to 2004, only applications for which an International Preliminary Examination Report was sought were subject to this sort of processing. In absolute terms, the average fee increases by 3.2% between 2003 and 2004. Taking into account the increased volume of processing as compared to 2003, a comparative average fee for 2004 would amount to Sfr1,731. Against this amount, the indicative average 2004 fee of Sfr1,678 represents a decrease of Sfr53 or 3.1%.