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WORKING GROUP ON REF ORM OF THE PATENT COOPERATION TREATY (PCT)

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

Proposals submitted by the United States of America

INTRODUCTION

1. This document contains a proposal for an amendment of the Schedule of Fees annexed to the Regulations under the Patent Cooperation Treaty (PCT). The proposal concerns the concept of the "flat" international filing fee for the automatic indication of all designations possible under the PCT that was approved by the PCT Assembly in September 2002 with effect from January 1, 2004 (see paragraph 45 and Annex V of PCT/A/31/10).
2. It is proposed that the international filing fee be fixed at 1,210 Swiss francs and that the handling fee of 233 Swiss francs remain a separate fee applied only to applications in which a demand is filed. This is proposed in order to reflect the reduction in fees previously envisioned by the PCT Assembly in 2001, as explained below, and to ensure that applicants who, under the present system and fee structure, only use the Chapter I procedure will not be disadvantaged by having to pay considerably higher fees than is presently the case under Chapter I.

BACKGROUND

3. The current fee structure of the PCT system includes a basic fee, a designation fee and, for international applications in which a demand is filed under PCT Chapter II, a handling fee. In addition, the maximum number of payable designation fees is currently five. For the year 2003, the fees are fixed at a basic fee of 650 Swiss francs, a designation fee of 140 Swiss francs and a handling fee of 233 Swiss francs. Because most PCT applicants indicate five or more designations per application, the great majority of applicants pay the maximum fee for designations of 700 Swiss francs. Under the current fee structure, therefore, most applicants using only Chapter I of the PCT pay a maximum fee of 1,350 Swiss francs, and those utilizing Chapter II of PCT pay a maximum fee of 1,583 Swiss francs.

4. A fee reduction was envisioned for the PCT that would have reduced the maximum number of payable designations to four with effect from January 1, 2003 (see paragraph 347 of WO/PBC/4/2 and paragraph 60 of PCT/A/31/6) in the 2001 meeting of the PCT Assembly. Assuming that the existing fee level had remained the same, this would have resulted in a basic fee of 650 Swiss francs, a maximum designation fee of 560 Swiss francs, or a total of 1,210 Swiss francs, plus a handling fee for international applications in which a demand had been filed of 233 Swiss francs. In other words, the envisaged fee reduction, which was not approved, would have resulted in maximum fees under Chapter I of the PCT of 1,210 Swiss francs, and maximum fees under both Chapters I and II of the PCT of 1,443 Swiss francs as from January 1, 2003.

PCT REFORM AND FEES

5. The PCT Assembly, in September 2002, unanimously adopted new regulations (see PCT/A/31/10), that provide for a combined search and examination system, as well as automatic designation of all Contracting States, among other changes. In light of these changes, the designation-based fee system will no longer be continued as from January 1, 2004. Instead, the Assembly agreed to a single "flat" international filing fee as part of the amendment package (see paragraph 45 and Annex V of PCT/A/31/10). The new fee would combine the current basic and designation fees. At current levels, this fee would be 650+700 or 1,350 Swiss francs, while the fees envisioned by the reduction in paragraph 4, above, would be 650+560 or 1,210 Swiss francs.

6. Rather than attempting to implement the envisaged fee reduction, the International Bureau proposed that, in light of the significant revisions to the Regulations of the PCT, a review of the fee structure and the possible reduction of fees should be undertaken, in the context of the necessary determination of the new "international filing fee" (paragraph 27 of PCT/A/31/10). Although certain delegations at the 2002 PCT Assembly expressed concerns about this approach and doubts about the prospects for a fee reduction via this approach, the rationale of the International Bureau was eventually adopted.

7. The International Bureau now has produced a new proposal with respect to PCT fees for consideration at the May 2003 meeting of the Working Group on Reform of the PCT in document PCT/R/WG/4/8. In light of the fact that all applications will now require some type of report (International Preliminary Report on Patentability (Chapter I) and International Preliminary Report on Patentability (Chapter II)), the International Bureau proposes rolling the handling fee into the international filing fee, thereby applying a handling fee to all international applications. This is in contrast to the current system in which only those applications where the applicant files a demand are charged a handling fee.

8. The International Bureau proposes an amount of 1,530 Swiss francs for the new fee. This represents a fee of 1,297 Swiss francs in addition to the current level of 233 Swiss francs for a handling fee. This is 87 Swiss francs higher than the reduction originally envisioned for January 1, 2003, as noted above, and additionally would provide that each and every international application be subject to a handling fee. That is, in addition to the issue of the handling fee, the International Bureau's proposal does not provide the previously promised 8% reduction in fees or any reduction to compensate for the delay in implementing that reduction. Rather, the International Bureau proposes a substantial increase in PCT international fees. The International Bureau has indicated that the specific figures are based on the calculation of estimated income in the context of WIPO's proposed program and budget for 2004-2005 presented in document WO/PBC/6/2 (paragraph 5 of PCT/R/WG/4/8). The current PCT fees in effect in 2003, the original reduction plan described in paragraph 4, above, WIPO's fee proposal in PCT/R/WG/4/8 and WO/PBC/6/2, and the fees under this proposal are compared in Annex II of this document.

PROPOSAL

9. It is proposed instead that the international filing fee be fixed at 1,210 Swiss francs and the handling fee remain a separate fee applied only to applications in which a demand is filed, in order to reflect the reduction in fees previously envisioned. With particular regard to the handling fee, while we recognize the existence of the new report, the International Bureau does not appear to have justified the need for the entire handling fee to be applied to all PCT cases. Therefore we propose to leave that fee as is.

10. The Working Group on PCT Reform is invited to recommend adoption by the Assembly of the PCT Union of the proposed amendment to the Schedule of Fees annexed to the Regulations under the PCT as appearing in Annex I of this document and to decide that it will enter into force on January 1, 2004, and that it will apply only in respect of international applications filed on or after that date.

[Annex I follows]

ANNEXI

PROPOSED AMENDMENT OF
THE REGULATIONS UNDER THE PCT

SCHEDULE OF FEES ¹

(as proposed to be amended with effect from January 1, 2004)

Fees	Amounts
1. International Filing Fee: (Rule 15.2)	<u>1,210</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

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.
4. All fees payable (where applicable, as reduced under item 3) 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 figure resused 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]

¹ 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.

ANNEXII

COMPARISON OF PCT FEES
(all fees shown in Swiss francs)

	<i>Basic Fee</i>	<i>Designation Fee</i>	<i>Maximum Designations</i>	<i>Maximum Combined Fee</i>	<i>Maximum Combined Fee with Handling Fee (plus 233 Sfr)</i>
<i>Current PCT Fees</i>	650	140	5 (700 Sfr)	1,350	1,583
<i>Original Reduction Plan</i>	650	140	4 (560 Sfr)	1,210	1,443
<i>WIPO Proposal (in PCT/R/4/8)</i>					1,530 flat fee for all cases
<i>Proposal in this Document</i>				1,210 flat fee	Plus 233 Sfr for ONLY those cases in which a demand is made

Not that the WIPO Proposal in PCT/R/4/8 of a flat fee of 1,530 Swiss francs in ALL cases represents a Maximum Combined Fee of 1,297 Swiss francs (1,530 - 233 handling fee), which is 87 Swiss francs higher than the estimated fee under the original reduction plan of 1,210 Sfr.

With respect to rationales for charging a PCT handling fee in all cases, it must also be borne in mind that PCT fees have no direct relation to services provided or work required under the PCT. Not that in the proposed 2004 - 2005 Program and Budget, PCT fee income is expected to fund 80% of the entirety of WIPO's budget, while Main Program 3 (Patents and the PCT System) accounts for only 21.5% of WIPO's total budget (see Table 7, p. 24). Hence, there is no relation between the PCT fees and PCT work undertaken by the International Bureau of WIPO, and no justification for charging a handling fee in all PCT cases.

[End of Annex II and of document]