



WIPO

WORLD
INTELLECTUAL PROPERTY
ORGANIZATION

PCT Netting Pilot

PCT Working Group

**Geneva
18 June
2018**

Agenda

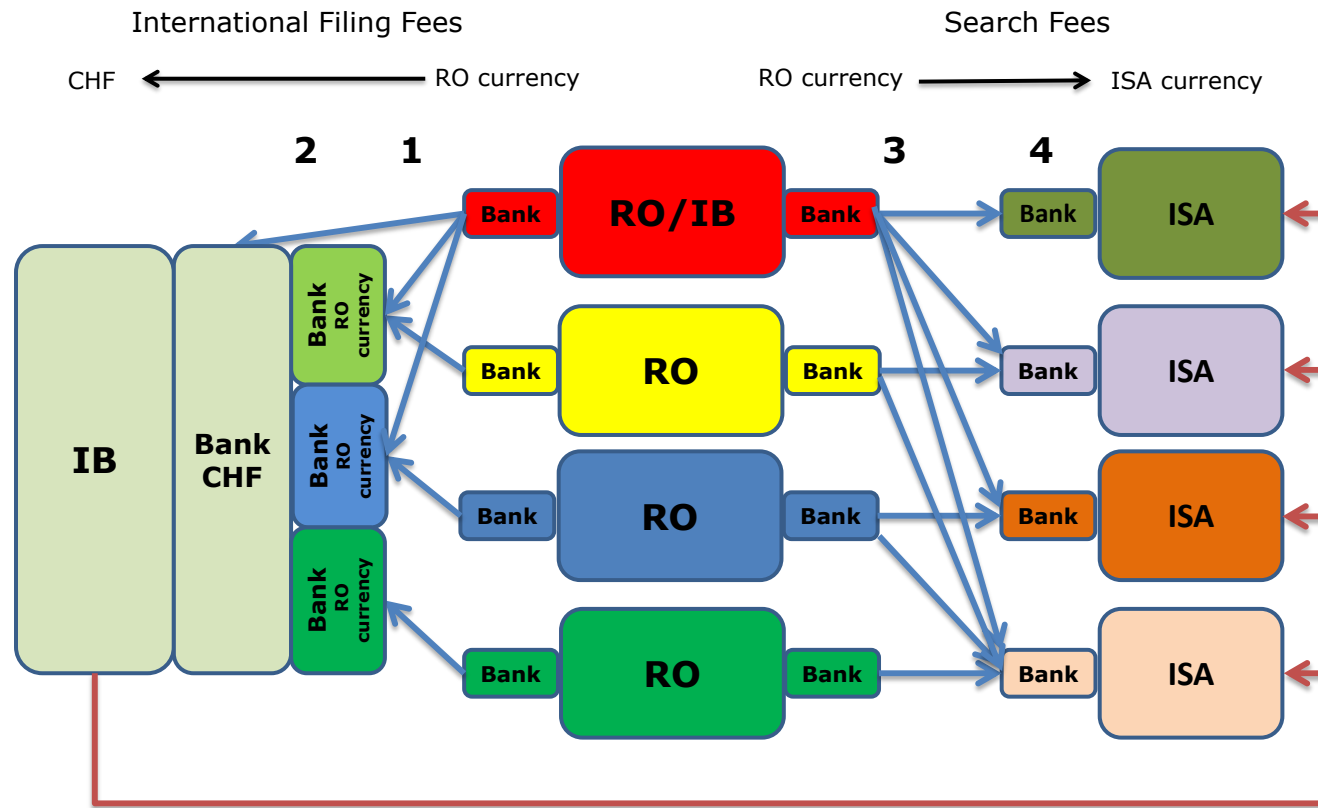
1. Netting Structure

- PCT fee transaction payment flow – Current system
- PCT fee transaction payment flow – Netting solution
- Netting implications – Receiving Offices & International Searching Authorities
- Benefits of netting

2. Implementation of netting pilot

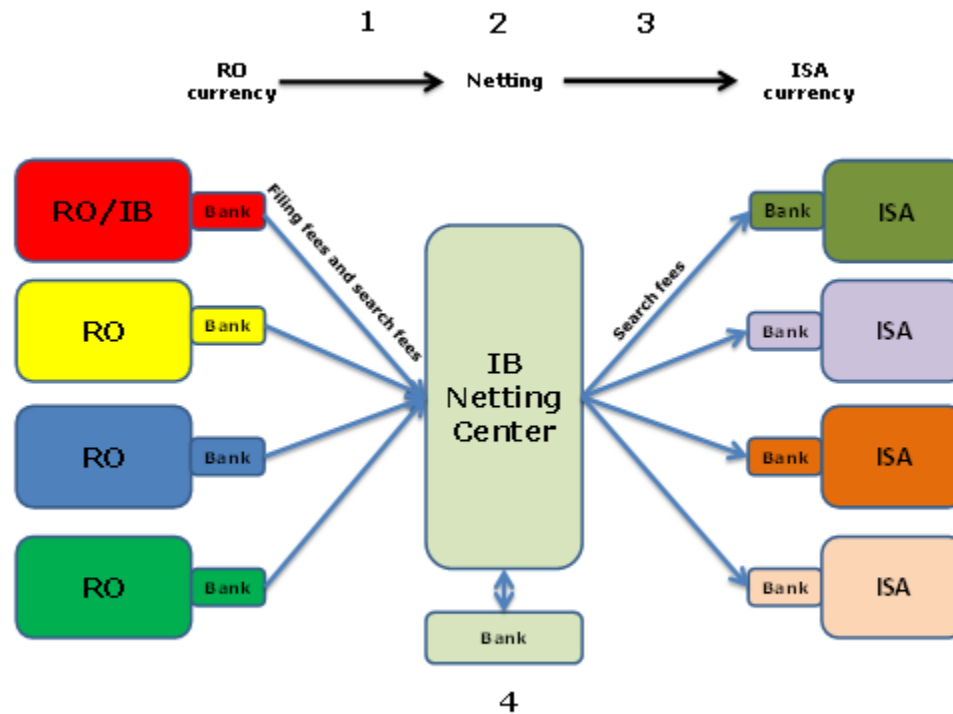
3. Current status of netting pilot

1. Netting Structure Payment flow - Current system



Rule 16.1(e) procedure
(compensation for FX losses)

Netting Structure Payment flow – Proposed netting solution



Netting: Receiving Offices

Very low impact:

- Send search fees to IB instead of ISA
- Information to include the usual IA/search fee information
 - IA number, date of receipt of IA, fee code (= search fee), amount of search fee in prescribed currency
- IB checks search fee information; in case of any missing information, payment or over/under payment, contacts RO
- RO can combine sending of international filing fees and search fees to IB in one bank transfer (optional, can be two different bank transfers)

Netting:

International Searching Authorities

- i. PCT fees received by participating Office (as RO, ISA or IPEA) for the benefit of IB or other Offices
 - international filing fees collected by Office as RO (for benefit of IB)
 - search fees collected by Office as RO (for benefit of other ISA)
 - handling fees collected by Office as IPEA (for benefit of IB)
- ii. PCT fees received by IB on behalf of participating Office (as ISA, SISA or IPEA)
 - search fees collected by RO/IB (for benefit of ISA)
 - supplementary search fees collected by IB (for benefit of SISA)
 - handling fees collected by Office as IPEA (for benefit of IB)
- iii. Amounts owed by IB to ISA or by ISA to IB under Rule 16.1(e)
 - gains or losses incurred by ISA in search fee income due to exchange rate fluctuations IB
- iv. Payments relating to other WIPO services, such as Madrid and Hague Systems
 - at initial stage, for some Offices only

Benefits of Netting

I. Improved cash management

- Reduction in bank transfers processed to and from ISA
- Reduction in bank fees paid by ROs (if combining the transfer of filing fees and search fees) and by IB and ISA
- All fees received by IB on behalf of ISA transferred by IB to ISA in the currency in which ISA has fixed the search fee and in the amount fixed by the ISA

II. Reduced currency exchange risk

- All PCT search fees received by ISA in the fixed currency
- All PCT filing fees collected by participating Office (ISA) in capacity as RO settled in home currency of ISA (if convertible)
- All cash flow centralized at IB, which can buy or sell currency to minimize exchange risk

III. Reduced administration effort – verification process

- All PCT search copies sent by ROs verified by IB
- All PCT search fees sent by ROs verified by IB

2. Implementation of Netting Pilot (ISA – IB – RO)

- i. Memorandum of Understanding between IB and ISA
- ii. In close cooperation with ISA, IB invites ROs that have specified ISA as competent to participate in netting pilot
- iii. Netting pilot begins with IB/ISA transactions for two month period
- iv. ROs join netting pilot after two month period

3. Current Status of Netting Pilot

- I. Netting pilot with ISA/EP operational since 1 January 2018
 - 10 ROs for which ISA/EP is competent currently participating
 - Remaining ROs for which ISA/EP is competent to be invited to participate according to plan agreed between IB and ISA/EP, with pilot fully operational including all ROs for which ISA/EP is competent by February 2019

- II. Netting pilot with ISA/JP began operation on 1 April 2018
 - 4 ROs for which ISA/JP is competent invited to participate as of 1 June 2018

- iii. Talks with other ISAs under way