

Patent Cooperation Treaty (PCT) Working Group

**Twelfth Session
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FEE REDUCTIONS FOR UNIVERSITY APPLICANTS — FEEDBACK TO CIRCULAR C. PCT 1554

Document prepared by the International Bureau

SUMMARY

1. This document summarizes the feedback received in response to Circular C. PCT 1554 sent to Contracting States and other stakeholders to consult on issues related to the possible introduction of PCT fee reductions for universities.

BACKGROUND

2. At its eleventh session, the Working Group discussed a proposal by Brazil to reduce PCT fees for universities from certain countries, notably developing and least developed countries (document PCT/WG/11/18 Rev.). Specifically, the document proposed a fee reduction of 50 per cent for universities from States which benefit from the fee reductions under item 5(a) of the Schedule of Fees, up to a maximum of 20 international applications per year filed by a given university. The document also proposed a fee reduction of 25 per cent for universities in countries that did not meet the criteria under item 5 of the Schedule of Fees, up to a maximum of five international applications per year filed by a given university.

3. Paragraphs 53 to 57 of the Summary by the Chair of the eleventh session of the Working Group (document PCT/WG/11/26) summarize the discussions of the proposal. A full record of these discussions is set out in paragraphs 156 to 198 of the Report of the session, document PCT/WG/11/27. Paragraph 57 of the Summary by the Chair outlines the follow-up agreed by the Working Group:

“ 57. The Working Group invited the Secretariat to begin a consultation, through a Circular, amongst Member States and other stakeholders before the end of 2018 to identify issues and solutions, risks and mitigations which might be relevant to the discussions on possible fee reductions for universities. The consultation might, if practical, include examples of concrete measures which could be considered to address the issues referred to in paragraphs 54 to 56 [of document PCT/WG/11/26], above, without prejudice to alternative suggestions which might be proposed by Member States. The feedback received during those consultations would serve as the basis for a document prepared by the International Bureau setting out possible options as to how to address the various implementation issues which had been identified during the discussions at the present session, including, where appropriate, proposals for necessary amendments to the PCT Regulations, for consideration by the Working Group at its next session.”

4. On January 17, 2019, the International Bureau issued Circular C. PCT 1554 to consult PCT Contracting States and other stakeholders on issues associated with the possible introduction of fee reductions for universities. This document summarizes the replies obtained from this consultation. The International Bureau will prepare a further document for consideration by the Working Group at its present session setting out possible options as to how to address the various implementation issues, as requested at the eleventh session of the Working Group.

SUMMARY OF RESPONSES TO CIRCULAR C. PCT 1554

5. At the time of writing this document, the International Bureau has received responses to Circular C. PCT 1554 from 35 members of the Working Group.

GENERAL REMARKS ON POLICY OF FEE REDUCTIONS FOR UNIVERSITIES

6. While the questions in the questionnaire considered issues that are relevant to the implementation of a system of fee reductions for university applicants, a few respondents indicated that they did not support fee reductions for universities. These respondents believed there were more appropriate and effective measures for supporting universities. One of these respondents stated that targeted measures for promoting innovation were preferable to flat-rate reductions for entire groups of applicants. Another of these respondents stated that it was not logical for university applicants to receive fee reductions financed by other applicants, and Member States may have difficulties explaining this to applicants. This respondent was of the view that countries that wished to stimulate innovation at universities through patent rights should pursue ways to support universities in their own programs and implement national policies that could support universities that could benefit from the PCT System. A further respondent was unconvinced that the proposed fee reduction scheme represented optimal use of resources of WIPO, and also expressed concern that costs of monitoring reductions at receiving Offices could exceed current income from transmittal fees.

GENERAL REMARKS ON IMPLEMENTATION OF FEE REDUCTIONS FOR UNIVERSITIES

7. Several respondents requested further information on the operational impact of fee reductions at Offices and the International Bureau. For example, one respondent stated that the International Bureau should assess the impact on online filing and payment tools, internal IT systems and training of formalities officers in receiving Offices and International Preliminary Examining Authorities in greater detail by consulting the Offices on concrete proposals, and allow sufficient time to implement the changes.

8. One respondent who favored countries implementing national policies to encourage innovation and patenting by universities requested an assessment of the costs of monitoring fee reductions to prevent applicants exceeding the permitted total in a given year. This would allow these costs to be compared against the difference between the full fee and reduced fee for applications from universities above this total.

DEFINITION OF A UNIVERSITY

9. Most respondents agreed with the recommendation of the International Bureau for discussions around eligible universities to be based on the list held by the International Association of Universities (IAU) on the World Higher Education Database (WHED) Portal. However, certain respondents needed more information before indicating a preference between lists of eligible universities being based on the WHED Portal or on lists of accredited universities sent to the International Bureau by individual States. A few respondents preferred using lists supplied by States, at least for the time being, but for different reasons. Some respondents who supported using the WHED Portal also expressed similar concerns about using the Portal to the respondents who preferred to submit lists of universities to the International Bureau.

10. The concerns expressed about using the WHED Portal to determine eligibility of a university for fee reductions broadly fall into two categories:

(a) Some respondents stated that their support for using the WHED Portal to determine eligibility for fee reductions was conditional on it being straightforward for States to add any higher education institutions to the Portal that were recognized as such by their national Ministry. The mechanism for a State to request an institution to be included on the WHED Portal needed to be clear and known. Some of these respondents also pointed out that certain higher education institutions in their country were not in the WHED Portal and wished to add these institutions.

(b) Some other respondents requested further information on the eligibility criteria to be included on the WHED Portal before being able to support its use for university fee reductions. These respondents underlined the need for a common definition of a university for all Member States so that Offices and the International Bureau could apply university fee reductions objectively. One respondent added that, without such information, it was impossible to know if using lists of institutions from the WHED Portal would be fair and appropriate.

11. With regard to these concerns, the website of the WHED Portal states that it is a unique online reference tool with up-to-date information on higher education institutions worldwide. It contains information on higher education institutions offering at least a 4-year degree or a 4-year professional diploma and which are recognized by their national competent bodies. In order to investigate the concerns expressed by some respondents about the criteria for inclusion of a higher education institution in the WHED Portal, the International Bureau will contact the IAU for further details on the criteria applied and on the process for an institution to be included on the database, and report orally to the Working Group. However, from the information on the website, inclusion on the Portal appears to be based on national criteria in the relevant country without any further requirements beyond offering education to degree-level or equivalent. While updating the database is ongoing, there is a focus each year on one specific region or geographical area.

12. A few respondents supported discussions with the IAU to ensure that the WHED Portal listed each university with multiple campuses in a way that reductions from the university could easily be monitored. One respondent stated the need to clarify eligibility for different campuses that were registered as different institutions due to being located in different regions.

13. The differences in opinions on whether to use lists of nationally recognized higher education institutions that Member States send to the International Bureau, or the list of institutions on the WHED Portal, appear to be based on differences in opinion as to who should determine the institutions that would be eligible for university fee reductions. Some respondents expressed a preference for the body competent for recognizing higher education institutions in the State, such as a national ministry, to determine which of its institutions can benefit from fee reductions. Other respondents expressed a preference for applying a common definition of a university to determine eligibility for fee reductions across all States rather than States using their own definitions to avoid inconsistent application of the reductions.

ELIGIBILITY IN CASE OF MULTIPLE APPLICANTS

14. Most respondents agreed with the International Bureau's recommendation that discussions should be based around the principle that all applicants should be eligible for a university fee reduction, or a reduction at a higher percentage, for any university fee reduction to be applied to an international application. This would help the International Bureau and Offices track the number of universities benefiting from fee reductions. Several respondents asserted that the opposite approach of only requiring one applicant to be eligible for reductions as a university could be open to abuse by applicants creating collaborations to benefit from cheaper patenting costs.

15. One respondent stated that fee reductions should be provided for individual researchers named as applicants. While individual applicants are eligible for a 90 per cent fee reduction as a natural person from countries listed under item 5 of the Schedule of Fees, this would allow individual researchers in other countries to benefit from fee reductions in the PCT.

16. While supporting the principle that all applicants should be eligible to benefit from a given fee reduction, for university co-applicants, one respondent expressed the view that an application should only count as being from the first named applicant for the purposes of considering a maximum number of applications per year at reduced fees. This respondent also wished for universities in developed countries to be able to apply for 10 international applications at a reduced fee.

17. The respondents who supported the option of requiring only one applicant to be eligible for university fee reductions believed that this could encourage collaborations between applicants with different legal status, including university collaborations with public and private companies. One of these respondents disagreed with the view that applicants would create collaborations solely to benefit from lower fees.

CLAIMING A FEE REDUCTION FOR A UNIVERSITY

18. All respondents who expressed a view supported the idea of requiring the filing of a declaration to confirm that the applicant was eligible for fee reductions as a university. To encourage diligence by the applicant, one respondent added that the declaration should include a clause to the effect that the declaration should be regarded by each designated or elected Office as an assertion made directly to that Office.

19. In terms of the practicalities of completing the declaration, one respondent stated that the declaration should only apply to the international filing fee and be easy to complete, and that it should be possible to be performed by an agent for the applicant. In the case of more than one applicant, another respondent suggested that the first named applicant could make the declaration on behalf of the other applicants. Where the WHED Portal is used, one respondent highlighted the need to provide solutions to allow access to fee reductions where there was not an exact match between the applicant name and the university listed on the Portal due to translation or other errors. Another respondent underlined that each university needed to be identified by a unique name to monitor the proposed fee reductions; this respondent suggested to add an entry field of the name of the university in the WHED Portal to avoid an applicant

using different names. Another respondent suggested that the applicant could sign a formal affidavit to claim the reduction as applicants could be liable for criminal prosecution in the event of misinformation. To facilitate monitoring of numbers of reductions, one respondent suggested that the declaration should include the number of applications previously filed during the year that had claimed the fee reduction.

20. One respondent stated that, in cases of transfer of ownership affecting entitlement to the fee reduction, an obligation for retroactive payment of the full fees should be considered.

21. While supporting the principle of filing a declaration if university fee reductions were introduced, one respondent stated that this could add to workload of Offices processing these declarations. Offices would be required to modify their internal and external IT systems, which could take several years due to budgetary restrictions and other issues.

22. Respondents supported the requirement for an applicant to give consent to sharing of information between the International Bureau and Offices at the time of a university claiming a fee reduction to track the numbers of reductions for a given university. Some of these respondents underlined that any sharing of information had to be kept to a minimum and needed to respect Article 30 with regard to the confidential nature of an international application.

23. Some respondents requested the International Bureau to produce guidelines to standardize and unify procedures and operations for all Offices and the International Bureau if a system for university fee reductions were implemented. For example, receiving Offices would need guidance on dealing with applicants that claimed a reduction without being on the list of eligible universities.

MONITORING FEE REDUCTIONS FOR UNIVERSITIES

24. Respondents broadly supported the recommendation that the International Bureau should keep a record of the fee reductions for each university in a given year. In the event of an “underpayment”, the International Bureau would contact the relevant Office that had received the fees and this Office would then contact the applicant; in the case of the supplementary search handling fee, the International Bureau would contact the applicant directly. Respondents stressed that the applicant would need to be contacted promptly in cases of “underpayment”, particularly for the international filing fee, which needed to be paid within one month from the date of receipt of the international application at the receiving Office. However, some Offices expressed concern that monitoring costs would add to workload and might exceed the transmittal fee amounts.

25. One respondent requested further information about how the International Bureau would monitor fee reductions in an efficient manner to avoid situations such as where a university had exceeded its quota by a large amount by filing applications with the reduced international filing fee at several competent receiving Offices over a short time period. This respondent also requested clarity on consequences for an applicant who had exceeded the quota, as it was not clear what sanctions would apply and how they could be executed. This respondent also stated that the International Bureau should be able to review decisions to accept the fee reduction by receiving Offices and International Preliminary Examining Authorities, and override them if necessary. A different respondent pointed out that there could be situations where discounts had been requested or applied in error, and asked whether a procedure was needed for excusing such errors.

26. One respondent expressed concerns about self-policing by applicants, which could lead to abuse of the system. This respondent suggested that PCT online filing tools, such as ePCT, could have a tick box on the request form which could advise the applicant of non-eligibility for the reduction after the maximum number of applications at a reduced fee had been filed. After

the maximum had been exceeded, the applicant would have to pay the full fee but have the option to request a review, with the discounted amount refunded if the review were successful.

SUNSET PROVISION

27. Most respondents agreed to the proposed initial period of seven years for university fee reductions, and that the PCT Assembly would have to approve any fee reductions for universities after this period based on an evaluation by the International Bureau. However, some respondents wished for a shorter initial period of five years and believed that the International Bureau could analyze the effect of fee reductions during the fourth and fifth year, for the PCT Assembly to take a decision at the end of the fifth year. One of these respondents requested further information from the International Bureau on why an initial seven-year period was necessary. A further respondent who did not support university fee reductions requested information on the financial impact to the International Bureau of fee reductions over the initial seven years.

28. A few respondents expressed concern that, if the PCT Assembly did not agree on further fee reductions after the end of the initial period, a “sunset provision” could harm and discourage patent applications. One respondent, while supporting the “sunset provision”, stated that there was no disadvantage to permanent implementation of university fee reductions, provided the form of reductions and the effects were reviewed in subsequent years.

29. Some respondents commented on the evaluation that would take place at the end of the initial period. One respondent stated that this should extend to university applications entering the national phase and the proportion of granted patents, as these costs were believed to be a barrier to universities using the PCT System, and underlined that the goal of any fee reductions should not merely be to increase numbers of applications that never proceeded to grant.

OTHER SUGGESTIONS

Centralized Processing of University Fee Reductions at the International Bureau in its Role as a Receiving Office

30. A few respondents indicated that implementation of university fee reductions would result in additional workload and would require receiving Offices to change their accounting and IT systems. To avoid these changes, these respondents suggested that the processing of university fee reductions could be limited to the International Bureau, acting in its capacity as a receiving Office. If only the International Bureau could decide on reductions in the international filing fee for university applicants, this would make monitoring numbers for each university easier. While suggesting centralized processing of university fee reductions at the International Bureau, one of these respondents underlined that a cost assessment would need to be performed to understand the impact on the WIPO budget if the International Bureau had responsibility for this task.

31. One respondent who suggested centralized processing of university fee reductions at the International Bureau added that a rebate mechanism could be introduced. Rather than a university paying a reduced fee with the relevant form, a university would pay the full fee upfront but could apply for a rebate at the end of the fiscal year. As part of the application for a rebate, the university would have to list the applications where the reduced fee should apply, which could reduce the workload of year-round monitoring of the fee reduction.

Collaborations between Universities and Small and Medium-Sized Enterprises or Start-Up Companies

32. One respondent suggested that, for cases of more than one applicant, a university could be eligible for a fee reduction if one of the co-applicants was a small or medium-sized enterprise or start-up.

33. *The Working Group is invited to note of the contents of this document.*

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