

Patent Cooperation Treaty (PCT) Working Group

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FEE REDUCTIONS FOR CERTAIN APPLICANTS FROM CERTAIN COUNTRIES, NOTABLY DEVELOPING AND LEAST DEVELOPED COUNTRIES

Document prepared by the International Bureau

SUMMARY

1. The Working Group is invited to comment on proposed measures intended to reduce the number of fee reductions being claimed by applicants not intended to be eligible for the reduction, and to assist the International Bureau in obtaining full and appropriate fee payments.

BACKGROUND

2. A 90 per cent fee reduction is available under item 5 of the Schedule of Fees for any applicants (whether natural persons or legal entities) from least developed countries, and for natural persons from a list of other States which meet the criteria listed in paragraph (a) of that item.

3. The International Bureau checks for unusual patterns of filing behavior that could indicate an applicant has been claiming fee reductions when not intended to be eligible for the reductions. Through these checks, numerous cases have been found where a single applicant claiming the fee reduction has filed ten or more international applications in a year, a pattern of behavior which is impossible for most normal individuals without the financial backing of a company. In a few cases, individual applicants claiming the fee reduction have filed 50 or more applications in a year.

4. Typically, such cases are filed in the name of a natural person from a qualifying State, but in circumstances such that there appears to be a strong interest by a legal entity, not entitled to any fee reduction, which is likely to be paying the fees and to be the real, beneficial owner. In some cases, the legal entity is subsequently named as the applicant after the recording of a change in the person of the applicant under PCT Rule 92*bis*. In other cases, apparent ownership is left in the name of the individual, who may be an owner, legal representative or senior employee of a relatively large company.

5. In most cases, when contacted, the applicants stated that they believed that this was a permitted option, but voluntarily paid back the difference in fees. It would be desirable to make clear that such proxy applications are not permitted and to take steps to actively discourage them.

6. The options for action are limited somewhat by the fact that procedures need to be practical for the receiving Office and not place an unreasonable burden on the large majority of applicants claiming the benefit of fee reductions who are in fact intended recipients of those reductions. It is not desirable to introduce long, complicated declarations concerning eligibility for the reduction.

7. The International Bureau nevertheless recommends that measures be taken to clarify who may claim the reductions and to provide more clear measures to ensure that full fees are paid when warranted.

PROPOSAL

8. It is proposed to address this issue by clarifying the eligibility to the reduction and charging a fee, equivalent to the amount of the original reduction, before a change of applicant will be recorded under Rule 92*bis* where the reduced fee was originally paid but the new applicant (after the recording of the change) would not be eligible for such reduction.

Clarifying Eligibility

9. To clarify the matter of eligibility, it is proposed to add a proviso to item 5 of the Schedule of Fees, as shown in the Annex, that there be “no beneficial owners of the international application who would not satisfy the criteria in sub-item (a) or (b).”

10. In addition, it is proposed that the Assembly adopt an Understanding in the following terms:

“It is the understanding of the PCT Assembly that the fee reduction in item 5 of the Schedule of Fees is intended to apply only in the case where the applicants indicated in the request are the sole and true owners of the application and under no obligation to assign, grant, convey or license the rights in the invention to another party which is not eligible for the fee reduction.”

Fee for Changes Made Under Rule 92*bis*

11. It is also proposed to provide for a fee, equivalent to the reduction which had been accorded at the time of filing, to be payable in the case where a request for the recording of a change in the person of the applicant is made which would result in the applicant no longer being eligible for the fee reduction or, if there are several applicants, not all of them being eligible for the fee reduction.

12. Irrespective of the currency in which the fee was originally paid, the amount would be payable in Swiss francs and be based on the reduction which was given according to the formula set in the Schedule of Fees as applicable on the date of receipt of the international application, rather than taking into account any equivalent amount of the international filing fee in the currency in which that fee was actually paid.

13. It is recognized that this proposal will adversely affect real individual inventor applicants who reach an agreement to sell their rights to a company which had no involvement in preparing or filing the international application, a case where the international patent application could have facilitated the applicant to reach the agreement. Moreover, it is recognized that this proposal will not affect any remaining applicants who continue to use a proxy applicant to gain the benefit of the fee reduction, but do not assign the rights to the beneficial owner during the international phase. However, the damage to real inventor applicants will be limited, given that a company willing to purchase the rights or pay for a license will likely see the additional fee as a relatively small administrative charge compared to their overall investment in the invention. Consequently, on balance, removing the possibility to claim eligibility for the reduced fee and still be able to introduce a change of applicant to one ineligible for the international filing fee reduction during the international phase using Rule 92*bis* without a further fee is considered an appropriate additional deterrent to the use of proxy applicants for the purpose of gaining fee reductions.

Additional Measures

14. At this stage, the key goal is to clarify eligibility to reduce the number of cases with inappropriate claims to reductions and to assist the International Bureau in discussions with applicants where unusual patterns of behavior are nevertheless found. If further action is required, this will be undertaken in cooperation with the relevant receiving Office. In some cases, claiming a reduction to which the applicant was not entitled may also have consequences under national law before the designated Office, or for the right to practice of any agent concerned.

15. The Working Group is invited to consider the proposed amendments to the Regulations and the Schedule of Fees contained in the Annex to this document.

[Annex follows]

PROPOSED AMENDMENTS TO THE PCT REGULATIONS¹

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¹ Proposed additions and deletions are indicated, respectively, by underlining and striking through the text concerned.

Rule 92bis
Recording of Changes in
Certain Indications in the Request or the Demand

92bis.1 Recording of Changes by the International Bureau

(a) The International Bureau shall, on the request of the applicant or the receiving Office, record changes in the following indications appearing in the request or demand:

- (i) person, name, residence, nationality or address of the applicant,
- (ii) person, name or address of the agent, the common representative or the inventor.

(b) The International Bureau shall not record the requested change if the request for recording is received by it after the expiration of 30 months from the priority date.

(c) If the international filing fee was reduced in accordance with item 5 of the Schedule of Fees and a request is made to record a change in the person of the applicant which would result in the applicant no longer being eligible for the reduction or, if there are several applicants, which would result in not all of the applicants being eligible for the reduction, the recording of the change shall be subject to a special fee payable to the International Bureau whose amount shall be fixed in the Administrative Instructions.

[COMMENT: The fee would be payable upon only in respect of a request for the recording of a change in the person of the applicant. It is not suggested that the fee should be payable merely because of a change in the nationality or residence of the applicant subsequent to the filing of the international application.]

SCHEDULE OF FEES

Fees

Amounts

1. to 3. [No change]

Reductions

4. [No change]

5. The international filing fee under item 1 (where applicable, as reduced under item 4), the supplementary search handling fee under item 2 and the handling fee under item 3 are reduced by 90% if the international application is filed by:

(a) [No change] an applicant who is a natural person and who is a national of and resides in a State that is listed as being a State whose per capita gross domestic product is below US\$ 25,000 (according to the most recent 10-year average per capita gross domestic product figures at constant 2005 US\$ values published by the United Nations), and whose nationals and residents who are natural persons have filed less than 10 international applications per year (per million population) or less than 50 international applications per year (in absolute numbers) according to the most recent five-year average yearly filing figures published by the International Bureau; or

(b) [No change] an applicant, whether a natural person or not, who is a national of and resides in a State that is listed as being classified by the United Nations as a least developed country;

provided that [there are no beneficial owners of the international application who would not satisfy the criteria in sub-item \(a\) or \(b\) and provided that](#), if there are several applicants, each must satisfy the criteria set out in either sub-item (a) or (b). The lists of States referred to in sub-items (a) and (b)² shall be updated by the Director General at least every five years according to directives given by the Assembly. The criteria set out in sub-items (a) and (b) shall be reviewed by the Assembly at least every five years.

[End of Annex and of document]

² *Editor's Note:* The first lists of States were published in the Gazette of February 12, 2015, page 32 (see www.wipo.int/pct/en/official_notices/index.html).