

Patent Cooperation Treaty (PCT)

Working Group

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FEE REDUCTIONS FOR SMALL AND MEDIUM-SIZED ENTERPRISES (“SMEs”), UNIVERSITIES AND NOT-FOR-PROFIT RESEARCH INSTITUTES

Document prepared by the International Bureau

SUMMARY

1. The present document provides details of reductions on patent fees granted by Offices to natural persons, small and medium-sized enterprises (SMEs), universities and not-for-profit research institutes, based on information provided by Offices in response to a PCT Circular issued by the International Bureau. The document also includes a general discussion of various criteria used to define an SME, as applied by countries, regional institutions and multilateral organizations, such as the number of employees and annual sales, along with details of the criteria and reductions applied by Offices which responded to the Circular.

BACKGROUND

2. At its sixth session, the Working Group discussed a working document prepared by the International Bureau (document PCT/WG/6/10), covering both the issue of PCT fee reductions for small and medium-sized enterprises (“SMEs”), universities and not-for-profit research institutes, especially but not limited to those from developing and least developed countries (see paragraphs 3 to 47 of document PCT/WG/6/10)), as well as the issue of eligibility criteria for fee reductions for certain applicants from developing countries (see paragraphs 48 to 85 of document PCT/WG/6/10).

3. The discussions by the Working Group on the issue of fee reductions for small and medium-sized enterprises (“SMEs”), universities and not-for-profit research institutes are summarized in paragraphs 40 to 47 of the Summary by the Chair of the session (document PCT/WG/6/23). Further detail can be found in paragraphs 177 to 205 of the Report of the

session (document PCT/WG/6/24). In addition to agreeing that the Chief Economist should prepare a study on the issue of elasticity of PCT fees (see document PCT/WG/7/6), the Working Group requested the following additional information to continue its discussions on fee reductions for small and medium-sized enterprises ("SMEs"), universities and not-for-profit research institutes at its present session (see paragraphs 45 and 46 of document PCT/WG/6/23):

"45. In addition, the Working Group agreed that the International Bureau should invite all Member States which at present granted reductions of national pre-grant patent fees to applicants which, under applicable national criteria, were considered to be small and medium-sized enterprises to provide information to the Secretariat on the national experiences gained, notably in terms of numbers of applications benefitting from such fee reductions and on any measurable impact on the filing behavior of such groups of applicants.

46. The Working Group further requested the International Bureau to prepare a working document, for discussion by the Working Group at its next session, on the various existing definitions of what constituted a small and medium sized enterprise under applicable national or regional laws or practices in relation to fee reductions for national or regional IP/patent applications. That document should also contain a description of applicable mechanisms already in place in some countries concerning fee reductions for small and medium-sized enterprises, universities and research institutes."

4. The present document is submitted in response to both of the above requests by the Working Group. It is split into two parts, as follows:

- (a) a summary of the feedback received in response to a Circular by the International Bureau on patent fee reductions applied by Offices to natural persons, micro-entities, small and medium-sized enterprises, universities and not-for-profit research institutes; and
- (b) a discussion of definitions of small and medium-sized enterprises under applicable national and regional laws or practices in relation to fee reductions for national or regional patent applications or applications for other intellectual property rights.

FEE REDUCTIONS GRANTED BY PATENT OFFICES TO NATURAL PERSONS, SMALL AND MEDIUM-SIZED ENTERPRISES, UNIVERSITIES AND NOT-FOR-PROFIT RESEARCH INSTITUTES

5. In order to obtain information on fee reductions for patent applications granted by Offices to different types of applicant, the International Bureau issued Circular C. PCT 1390, dated August 12, 2013. In particular, the Circular requested the following information with regard to fee reductions for small and medium-sized enterprises ("SMEs"), universities and not-for-profit research institutes:

- the criteria applied by an Office to qualify for fee reductions, including any definitions of a small and medium-sized enterprise used for this purpose and any requirements for an applicant to be based in a particular country to qualify for the reductions;
- the pre-grant fees covered by any reductions (whether for national or regional patent applications, or for fees to perform work in various capacities under the PCT), and the percentage reduction applied;
- the number or percentage of applications that have benefitted from the fee reductions in recent years; and
- the impact of fee reductions on filing behavior.

6. Thirty responses were received to the Circular by 27 national patent Offices, two regional IP Offices and one user group. The responses received are summarized in the Annex to the present document.

ELIGIBILITY CRITERIA

7. Twenty Offices indicated that they offered some financial assistance to natural persons, SMEs or universities and not-for-profit organizations who applied for a patent, usually by way of a reduction in the filing fee. The State Intellectual Property Office of the People's Republic of China provided information on the possibility for an applicant to apply to defer payment of fees up to and including the third annual maintenance fee; if granted deferral, the beneficiary was required to repay the fees when he had the financial means to do so.

8. All 20 Offices which stated that they provided financial assistance to applicants applying for a patent indicated that they granted fee reductions to natural persons; about half of these Offices also offered financial assistance in the form of fee reductions for SMEs and/or universities and not-for-profit research organizations.

9. In those Offices, fee reductions for natural persons are generally available without any requirement to provide supporting documentation. The exceptions are where the reduction depended on an individual's status (for example, student, disabled person, war veteran), or in cases where the applicant needed to show insufficient economic capacity or revenue to pay the fees in full (for example, at the German Patent and Trademark Office and the Portuguese Institute of Industrial Property).

10. By contrast, Offices which stated that they offered fee reductions to legal entities indicated that they usually required supporting documentation to verify the eligibility for a reduction. Criteria for SMEs to qualify for fee reductions included maximum levels in number of employees, annual turnover, annual balance sheet totals and amount of the company owned by entities that would not qualify for fee reductions under the definition used for an SME. Further details of the definitions of SMEs applied for the purposes of fee reductions are discussed in the second part of the present document.

11. Among the Offices which indicated that they granted fee reductions for universities and not-for-profit research institutes, some apply reductions broadly across organizations in this category. For example, the National Institute of Industrial Property in France offers fee reductions for non-profit organizations in the education and research sector; the State Intellectual Property Service of Ukraine grants reductions to all non-profit organizations. The United States Patent and Trademark Office applies "small entity" status to universities and higher education institutions, tax exempt organizations and non-profit organizations. Applicants from "higher education institutions" (as defined under U.S. domestic law) may also qualify for a larger fee reduction as a micro entity.

12. In some other Offices where a fee reduction is available for universities and not-for-profit research institutes, the reduction applies to specific categories. For example, the Canadian Intellectual Property Office grants fee reductions to universities, but there is no special status for research institutes different from the requirement applying to SMEs of less than 50 employees. Size is also a factor at the Norwegian Industrial Property Office, where an organization must have less than 20 employees. The Spanish Patent and Trademark Office and the Portuguese Institute of Industrial Property reported on fee exemptions that applied to public universities only, as defined under their respective national laws.

13. Some Offices stated a requirement for the applicant not to have assigned or licensed rights associated with the invention in the patent application to an entity that would not be eligible for the fee reduction, or a requirement not to be obliged by contract to transfer the rights at a later stage.

14. In general, those Offices which responded to the question about residency requirements for an applicant to be eligible for fee reductions indicated that fee reductions were available to applicants regardless of domicile of the applicant. However, about half of the Offices granting fee reductions did not clearly indicate whether or not the reductions were available only to persons or legal entities who were resident or established in their country. Some of the Offices which applied nationality or residency requirements stated that those included requirements such as a company being on a state register. In the case of the African Intellectual Property Organization (OAPI), the demand for a fee reduction has to be transmitted through official channels of the Member State of the applicant.

SCOPE OF FEE REDUCTIONS

15. Fee reductions granted by Offices ranged from 40 to 100 per cent of the standard fee for a given action. In some Offices, the reduction available to natural persons is greater than that available for SMEs, particularly in the case where the applicant is also the inventor.

16. All Offices which responded to the Circular and which provide for reductions do so for national patent application fees, but in some cases there was a requirement that the application is not based on a foreign priority application. However, given the differing fee structures between Offices, it was not clear from all responses whether reductions applied to all the main stages leading up to grant of the patent application (application, publication, search, examination, and grant), or whether the reductions granted were more limited. About half of the Offices which grant fee reductions stated that reductions also applied to pre-grant fees after a PCT international application enters the national phase.

17. About one third of Offices which responded to the Circular and which grant pre-grant fee reductions also offer reductions for maintenance or renewal fees of a patent. Where maintenance fee reductions are available, these are usually limited to the fees for the first 5 to 10 years of the patent. However, the Federal Service for Intellectual Property (Rospatent) and the State Intellectual Property Service of Ukraine stated that fee reductions were possible for eligible applicants for maintaining a patent over the all of the years of its validity.

NUMBERS OR PERCENTAGES OF APPLICANTS BENEFITTING FROM FEE REDUCTIONS

18. Not all Offices which responded to the Circular and which apply fee reductions were able to provide data on the percentages or numbers of applications that have benefitted from the reductions in recent years. For those which did, the percentages varied significantly between Offices. Explanations for this variation include the procedure and requirements for applicants to benefit from the reduction, and the type of applicants using a national patent system. For example, the means-tested fee reduction system at the German Patent and Trademark Office resulted in very few patent applications that benefitted from discounted fees, typically around 0.5 per cent in recent years. In contrast, the proportion of applicants eligible for fee reductions was over 50 per cent for some national patent systems in Europe where applicants have the alternative of a European patent (e.g. Hungary and Lithuania).

IMPACT OF FEE REDUCTIONS ON FILING BEHAVIOR

19. A few Offices considered that patent fee reductions had a positive effect on the use of the patent system by those applicants eligible for fee reductions, particularly if reductions are applied alongside other policies to foster innovation. Examples of other innovation support activities provided in responses included awareness-raising and promotion of the intellectual property system, and assistance to universities, research institutes and inventors to exploit their intellectual property, whether by advisory measures like diagnostic tools or by financial assistance to apply for patents.

20. The State Intellectual Property Office of the People's Republic of China underlined that the 90 per cent reduction of the international filing fee available to natural persons of Chinese nationality was a significant cost saving, and to some degree had contributed to the increase in

PCT filings by natural persons. Whereas the percentage of PCT applications filed by natural persons accounted for 8.8 per cent of all PCT applications in 2012, the percentage of PCT applications filed by natural persons of Chinese nationality was significantly higher than that percentage.

21. Despite the positive effects on the use of the patent system reported in general terms, no Office was able to provide clear evidence of a quantitative relationship between fee reductions and filing behavior. In some cases, this was because the fee reductions had been available for many years, making an accurate comparison impossible. Other Offices had insufficient data to analyze the effect of fee reductions on filing behavior as these Offices had only recently implemented such reductions.

22. Other Offices stated that they did not believe that fee reductions had a clear impact on filing behavior by applicants. One response referred to several studies that supported this hypothesis.

23. The sole user group responding to the Circular, the Japanese Patent Attorney Association (JPAA) supported fee reductions for SMEs, universities and not-for-profit research institutes as a favorable way to increase use of the patent system by these organizations. JPAA invited the International Bureau to study and propose a concrete reduced fee standard and requirements for reductions, which should be simplified as much as possible.

OTHER REMARKS

24. Two Offices commented on the procedure for claiming fee reductions for small and micro entities and possible consequences on the uptake by eligible applicants. The Canadian Intellectual Property Office had witnessed a significant drop in the number of applicants claiming small entity status, following a court decision in 2001 that determined that a mistake in declaring oneself as a small entity could result in an underpayment of the prescribed fee and, if not rectified within a timely manner, could result in the application being abandoned beyond the period of reinstatement. Prior to that decision, approximately 20 per cent of filings had claimed small entity status, whereas the current figure was about 9 per cent. The United States Patent and Trademark Office reported positive anecdotal feedback of their recently-introduced micro entity fees. However, some practitioners had expressed reluctance to take advantage of these reduced fees, due to the requirement to confirm that the applicant continued to be entitled to receive micro entity fee reductions every time a fee was paid. This was unlike the procedure for claiming small entity status, which had been available to applicants before that Office for many years.

25. Among the Offices not providing fee reductions to natural persons, SMEs, universities and not-for-profit research institutes, one or two were considering introducing such reductions for certain applicants in these categories.

DEFINITIONS OF SMALL AND MEDIUM-SIZED ENTERPRISES FOR THE PURPOSES OF PATENT FEE REDUCTIONS

GENERAL DEFINITIONS OF SMALL AND MEDIUM-SIZED ENTERPRISES

26. As had been discussed in document PCT/WG/6/10, there is no universal definition for a micro, small or medium-sized enterprise. Different countries and multilateral institutions use different criteria for defining SMEs, set by various "official" sources, such as SME agencies, governmental institutions and ministries or national statistical institutions, or intergovernmental bodies. Most countries or regions in the world appear to have their own definition of an SME, based on a single criterion or a combination of different criteria, such as the number of full-time employees, the amount of annual sales, the amount of total assets in the firm, the amount of investments and/or the requirement of ownership/management independence of larger corporations. The most common criteria for measuring size appear to be "number of employees" and "annual sales". To further complicate the matter, the definition of an SME on

the basis of a specific criterion is not uniform across countries. For example, while one country may define an SME to be an enterprise with fewer than 500 employees, other countries using that same criterion may define an SME to be an enterprise with fewer than 250, 100 or even fewer than 10 employees.

27. Gibson and van der Vaart¹ show the differences in how an SME is defined by multilateral development institutions. For example, the World Bank definition sets a maximum of 300 employees, a maximum revenue or turnover of 15 million US dollars and maximum assets of 15 million US dollars. This definition covers businesses three times larger by employees and five times larger by turnover or assets than the threshold for the Multilateral Investment Fund (MIF) of the Inter-American Development Bank. The United Nations Development Programme (UNDP) applies a single criterion of a maximum of 200 employees, which is four times higher than the African Development Bank.

28. At a national level, official definitions of SMEs vary between countries. Gibson and van der Vaart² show a sample of national definitions of countries with different income levels. The maximum number of employees in the sample varies between 20 and 300 employees with no obvious correlation with gross national income per capita. However, an overview of data on micro, small and medium-sized enterprises in 132 economies, published by the International Finance Corporation of the World Bank Group, shows that a third of the economies covered define micro, small and medium-sized enterprises as having up to 250 employees³. In addition, tables have been produced showing the share of SMEs in terms of formal employment and GDP in national economies, taking the 250 employee definition and any other official national definition⁴.

29. The European Commission defines an SME as having fewer than 250 employees and either a turnover not exceeding 50 million Euros or a balance sheet total not exceeding 43 million Euros⁵. Within this definition, a small enterprise has fewer than 50 employees and either a turnover not exceeding 10 million Euros or a balance sheet total not exceeding 13 million Euros, and a micro enterprise has fewer than 10 employees and either a turnover not exceeding 2 million Euros or a balance sheet total not exceeding 2 million Euros. These ceilings apply to the figures of individual firms only. A firm which is part of a larger grouping may need to include employee/turnover/balance sheet data from that grouping too.

30. There have been various attempts in many fora and different contexts to develop a universal definition of what constitutes an SME. However, to date, none of them has been successful, mostly due to diverse structural, cultural and political reasons to adopt different definitions of SMEs that run counter to a universally agreed definition of what constitutes a SME⁶.

¹ Gibson, Tom and van der Vaart, H. J. "Defining SMEs: A Less Imperfect Way of Defining Small and Medium Enterprises in Developing Countries", see http://www.brookings.edu/~media/research/files/papers/2008/9/development%20gibson/09_development_gibson.pdf

² See footnote 1, above.

³ Kushnir, Khrystyna; Mirmulstein, Melina Laura and Ramalho, Rita "Micro, Small and Medium Enterprises Around the World: How Many Are There, and What Affects the Count?", see <http://www.ifc.org/wps/wcm/connect/9ae1dd80495860d6a482b519583b6d16/MSME-CI-AnalysisNote.pdf?MOD=AJPERES>

⁴ Ayyagari, Meghana; Beck, Thorsten and Demirgüç-Kunt, Asli "Small and Medium Enterprises across the Globe: A New Database", see <http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-3127>

⁵ Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises OL L 124 20.5.3003 p. 36, see <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:124:0036:0041:EN:PDF>

⁶ See: Kushnir, Khrystyna, "A Universal Definition of Small Enterprise: A Procrustean Bed for SMEs?" Blogs.worldbank.org (<http://blogs.worldbank.org/psd/a-universal-definition-of-small-enterprise-a-procrustean-bed-for-smes>).

DEFINITIONS OF SMALL AND MEDIUM-SIZED ENTERPRISES IN RELATION TO FEE REDUCTIONS FOR NATIONAL OR REGIONAL PATENT APPLICATIONS

31. Of the 20 Offices that responded to Circular C. PCT 1390, nine stated they provided patent fee reductions for SMEs.

32. Of the two national patent Offices in European Union Member States providing patent fee reductions for SMEs, the Spanish Patent and Trademark Office uses the European Commission Recommendation, as stated in paragraph 29, above, to determine qualifying organizations. Subsidies are provided for up to 90 per cent of application and search report fees, on the condition that the patent application together with the search report has been published in the Spanish Patent and Trademark Office's "Official Gazette of Industrial Property" and the fees have been paid in advance. In France, the National Institute of Industrial Property applies a broader definition than the European Commission Recommendation, allowing companies with up to 1000 employees to benefit from reductions of 50 per cent on the main pre-grant fees and the first five renewal fees, with a 25 per cent reduction for the sixth and seventh renewal fees. These reductions are available provided that no more than 25 per cent of the capital of the company is owned by an entity not meeting this condition. Companies wishing to take advantage of these reductions are required to submit a declaration that they meet the eligibility criteria within the one month deadline for paying the filing fee.

33. The State Agency on Intellectual Property in the Republic of Moldova uses the same threshold as the European Commission Recommendation for the number of employees, but the maximum turnover and balance sheet totals to qualify for SME fee reductions are both set 50 million Moldovan lei, currently equivalent to about 2.7 million Euros. Reductions of 85 per cent are available on the main pre-grant fees for SMEs meeting these requirements.

34. Two Offices use employee count as the primary indicator for determining fee reductions for SMEs. The Canadian Intellectual Property Office provides a 50 per cent fee reduction on demand to a small entity having 50 or fewer employees. The small entity must not be controlled by an entity employing more than 50 employees or have transferred or licensed or be obliged to transfer or license any right in the invention to an entity other than a university employing more than 50 employees. The employee threshold to qualify for an 80 per cent reduction on the application fee before the Norwegian Industrial Property Office is 20 full-time equivalent staff members, taking into any wholly-owned subsidiaries or parent companies in the calculation.

35. The United States Patent and Trademark Office offers two tiers of reduced fees: a 50 per cent reduction for small entities and a 75 per cent reduction for micro entities. These reductions are available for most pre-grant fees, including PCT fees since January 1, 2014. To qualify for small entity status, a business (other than a non-profit organization) must generally have fewer than 500 employees and not have assigned or licensed or be under any obligation to assign or license any rights associated with the invention to a body not qualifying for small entity status. In addition to meeting the requirements for a small entity, to qualify for reductions as a micro entity, a company must not be named on four previously-filed patent applications, not have a gross income more than three times the median household income in the previous year from when the fee is paid, and not be under an obligation to assign or license the rights to another entity that does not meet the same income requirements.

36. The Israel Patent Office was the only respondent to the Circular to use turnover as the sole criterion for companies to qualify for fee reductions as an SME. Corporate entities with a turnover in the previous calendar year of less than 10 million Israeli shekels (about 3 million US dollars) are eligible for a 40 per cent reduction on the filing fee and fee for publication of acceptance for national patent applications.

37. The Japan Patent Office applies pre-grant and maintenance fee reductions to the tenth year of 50 per cent for corporations that are exempt from business tax and for R&D SMEs. For the former category, the company must have a total capitalization of less than 300 million

Japanese yen, must either be exempt from business tax or be established for less than 10 years, and not be controlled by another legal person (i.e. a single corporation except for the applicant cannot hold more than half of the total issued shares or total contribution, and more than one corporation except for the applicant cannot hold more than two thirds of the total issued shares or total contribution). For R&D SMEs, research and experimental expenses must be more than 3 per cent of the annual income of the company. In addition, to be considered as an SME, the company must either have a number of employees or stated capital less than a given maxima depending on the sector of the company. For example, an SME in the manufacturing sector must either have less than 300 regular employees or capital of less than 300 million Japanese Yen, whereas an SME in the retailing sector must have less than 50 regular employees and capital of less than 50 million Japanese yen.

38. The Federal Service for Intellectual Property (Rospatent) requires applicants that are legal entities to be included in the Uniform State Register of Legal Entities, have a maximum share of 25 per cent owned by certain bodies including foreign organizations and an average maximum of 100 employees in order to qualify for fee reductions. SMEs meeting these criteria are entitled to a 50 per cent reduction on the main pre-grant and maintenance fees.

39. Overall, there appears to be a diverse set of criteria used to determine whether a company is eligible for a patent fee reduction as an SME. In addition to the factors used in the general classification of SMEs, such as the number of employees, annual turnover and total assets, certain Offices take into account the industrial sector, investment in research, and registration as a legal entity within the country.

40. *The Working Group is invited to take note of the contents of the present document.*

[Annex follows]

**OFFICES WITH FEE REDUCTIONS FOR NATURAL PERSONS,
SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) AND UNIVERSITIES/NOT-FOR-PROFIT RESEARCH INSTITUTES⁷**

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
African Intellectual Property Organization (OAPI)	Main pre-grant and maintenance fees	90% for application fee 100% for fees for publication, length priorities claimed and extra patent claims 80% for maintenance fees from 2 nd to 10 th year	-	-	Yes – in a Member State of OAPI	11.1% (2008) 13.2% (2009) 14.8% (2010) 14.0% (2011) 18.2% (2012)

⁷

The following countries and Offices responded to the Circular, but did not provide fee reductions for natural persons, SMEs, universities or public research organizations: Australia, Chile, Denmark, Finland, Slovenia, Switzerland, Turkey, United Kingdom and the Eurasian Patent Office.

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
Belarus	National patent fees	100% for certain heroes, war veterans, victims of Chernobyl disaster and disabled persons of 1 st group. 75% for inventor/ applicants, students in full-time education, and disabled persons of 2 nd and 3 rd groups ⁸	-	-	Yes	0.9% (2010) 1.1% (2011) 5.6% (2012)
Canada	Main pre-grant fees for national applications and PCT national phase entries	50%	50% for 50 employees or fewer	50% for universities, 50% for 50 employees or fewer	No	9% (2009 to 2012)

⁸ Article 263 of Chapter 28 of the Tax Code of the Republic of Belarus of December 29, 2009 also states that “the patent fees shall be paid at the rate of 20% of the amount payable for the maintenance of a Eurasian patent by taxpayers – residents and non-residents of the Republic of Belarus, residents of the CIS countries with which the Republic the Republic of Belarus has made international treaties of the Republic of Belarus on cooperation in the sphere of industrial property protection”.

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
Croatia	Main pre-grant fees for national applications, PCT national phase entries and validation of European patents	50% if applicant is inventor 75% to certain categories (lower financial status, disabled veterans, pensioners etc.) on request	-	75% reduction available to universities on request (not available to research institutes)	No	28.6% (average over last 5 years)
Czech Republic	Filing fee for national applications and PCT national entries	50%	-	-	No	26.0% (2010) 20.3% (2011) 19.4% (2012)

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
France	Main pre-grant fees for national applications and maintenance fees for first 7 years of national patent	50% 25% for 6 th and 7 th year renewal fee	50% 25% for 6 th and 7 th year renewal fee if 1000 employees or fewer with no more than 25% of its capital being held by an entity not meeting these conditions	50% 25% for 6 th and 7 th year renewal fee for organizations in education and research sector	Not stated	From national patent applications published in 2012, there were 1796 applications from natural persons, 2045 applications from SMEs requesting reduced fees, and 1370 applications from universities and public research organizations, giving a total of 5211 (34.5% of the 15113 applications published)
Germany	Filing fee, search fee and examination request fee for national applications and PCT applications in national phase	Full exemption or partial reduction of fees can be granted – applicant must prove insufficient economic capacity to pay costs of procedure or capacity only to pay them in part or as installments.	-	-	No – for natural persons Yes – legal entities or organizations must be established in EU or EEA	0.4% (2008) 0.4% (2009) 0.3% (2010) 0.4% (2011) 0.8% (2012)

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
Hungary	Main pre-grant and maintenance fees for national patent application and after PCT national phase entry where application is not based on a priority application in a foreign country	75% for pre-grant fees, 50% for maintenance fees (where applicant is also inventor) ⁹	-	-	Not stated	49.5% (2011) 45.2% (2012) 50.8% (2013)
Israel	Filing fee and fee for publication of acceptance for national patent applications first filed in Israel	40%	40% (companies with turnover less than ILS 10 million - about USD 3 million - in last calendar year)	-	Not stated	400 applications in January-June 2013

⁹ Exemption from pre-grant fees and deferment of maintenance fees for first 5 years of patent may be granted to natural persons is unable to cover them due to wages, income and financial standing; any fees subject to deferment must be paid with maintenance fee for 6th year. Percentages of applicants granted exemptions or deferments were 8% (2011), 5.4% (2012) and 4.0% (2013).

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
Japan	Examination request fees and maintenance fees to 10 th year for national patent applications	50% or exempted for examination request fee and annual fee to end of 3 rd year 50% for annual fee for 4 th to 10 th year	50% if company is capitalized at under JPY 300 million, is exempt from business tax or established for less than 10 years, and is not controlled by another legal person over a certain proportion. R&D SMEs qualify for this reduction where ratio of research and experimental expenses is more than 3% of annual income and they meet sector-specific criteria in employee numbers and capital size.	50% (universities and graduate schools, independent administrative institutions and public research organizations)	Not stated	In 2012, for natural persons and corporations, 1493 applications had patent fees reduced or exempted, 1933 had examination request fees reduced or exempted. For R&D SMES, these fee reductions were applied to 8563 and 3253 applications, respectively; for universities, these reductions were applied to 1857 and 3055 applications, respectively.
Latvia	Patent fees	40% if applicant is inventor 80% if applicant is inventor and student or pensioner	-	-	Not stated	Not provided

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
Lithuania	Filing fee and grant fee for national applications and PCT national phase entries	50%	-	-	No	59% (2010) 50.5% (2011) 33% (2012) (figures based on Lithuanian applicants only)
Norway	Application fee for national applications and PCT national phase entries	80%	80% if number of permanent full-time equivalent staff members is less than 20	80% if number of permanent full-time equivalent staff members is less than 20	No	Not provided
Portugal	Main pre-grant and maintenance fees up to 7 th annual fee or 2 nd quinquennial fee for national applications	80% if applicant provides proof that they do not have the revenues to cover costs	-	100% for public universities which are fee exempt	Not stated	14 requests received and approved in last 5 years

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
Republic of Moldova	Main pre-grant fees on national applications and PCT national phase entries	95% if applicant is inventor 85% if applicant is not inventor	85% if company has an average number of employees of at most 249 persons, total annual sales income of at most 50 million Moldovan lei and total annual balance sheet of assets not exceeding 50 million Moldovan lei	95% if organization is in science and engineering sphere - exemption from payment of maintenance fees is also given in first 5 years	No	About 95% in 2012 (264 national applicants, 9 foreign applicants)
Russian Federation	Main pre-grant and maintenance fees	50% if inventor is applicant, for handicapped persons or students and for various war veterans	50% if SME is included in Uniform State Register, share of participation of public sector entities, foreign organizations or nationals and certain non-profit organizations is no higher than 25%, and average number of employees over past year is under 100 and turnover is less than an established ceiling	-	Yes - for legal entities	6.4% (2011) 6.1% (2012) 4.1% (2013 – until mid-October)

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
Spain	Main pre-grant fees for national applications ¹⁰	Up to 90%	Up to 90% (SME as defined by European Commission ¹¹))	100% (Spanish public universities only – which enjoy full tax exemption)	Yes – for universities No – for other applicants	8% for natural person and SME reduction (2012) 16.5% for Spanish public university exemption in past four years
Ukraine	Main pre-grant and maintenance fees for national applications and PCT national phase entries	95% if applicant is inventor	-	90% for non-profit institutions or organizations	No	No figures available

¹⁰ Spain also reported on fee reductions for an international extension of an application based on priority of a Spanish patent or utility model application, a PCT international application filed at the Spanish Patent and Trademark Office (SPTO) acting in the capacity as a receiving Office or a European patent application filed at the SPTO. The amounts subsidized for these applications are in general up to 70%, and in the case of SMEs and natural persons, up to 80%. For international extensions based on national patents and utility models, 3052 priorities were used, representing 7340 international extensions and was distributed SMEs 49.2%, natural persons 24.2%, large companies 18.1%, public universities 4.3%, others 4.2%.

¹¹ SME definition as stated in Annex I, Article 2 of the Commission Recommendation No. 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. The category of medium-sized enterprises ('SMEs') is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

National or Regional Patent Office	Fees where reduction is applied	Applicant and Fee Reduction			Residency or nationality requirement	Percentage or Number of Applications Benefitting from Fee Reductions by Applicant Status
		Natural Persons	SMEs (including micro-enterprises)	Universities and Not-For Profit Research Institutions		
United States of America	Main pre-grant fees for national applications and PCT international applications	50% (small entity status) in general 75% (micro-entity status) if not named on four previously-filed applications and gross income is less than three times median household income in year before fees are paid	50% (small entity status) if fewer than 500 employees (standard set by Small Business Administration) 75% (micro-entity status) if not named on four previously-filed applications and gross income is less than three times median household income in year before fees are paid	50% (small entity status) for universities, higher education institutions, non-profit organizations or US tax-exempt organizations. 75% (micro entity status) if university is an institution of higher education as defined under US domestic law.	Not stated	April to September 2013: 45.70% of provisional patent application filing fees and 0.14% of utility patent application filing fees were paid at small entity rate, 15.4% of provisional patent application filing fees and 5.2% of utility patent application filing fees were paid at micro entity rate. (Micro entity fees became available for national patent applications in March 2013).

China provided details of its policy for deferred payment of fees for national applications and PCT national phase entries available for both natural persons and legal entities regardless of nationality, based primarily on their economic situation. Beneficiaries of deferred payment are required to repay the full amount when his invention has created income, although no timeframe is prescribed. An applicant for deferred payment must provide justification or supporting documents to show economic difficulties. Natural persons may request deferred payment of 85% of the application fee, the examination fee and maintenance fees for first 3 years from granting the patent, as well as deferred payment of 80% of the re-examination fee. Legal entities may request deferred payment of 70% of the application fee, the examination fee and the maintenance fees for first 3 years from granting the patent, as well as deferred payment of 60% of the re-examination fee. The same percentages are available where joint applicants include at least one natural person. No deferred payment is possible if joint applicants are all legal entities.

[End of Annex and of document]