

# WIPO



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**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
GENEVA

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## **INTERNATIONAL PATENT COOPERATION UNION (PCT UNION)**

### **ASSEMBLY**

**Twenty-Second Session (13th Extraordinary)  
Geneva, September 26 to October 4, 1994**

#### **REPORT**

*Adopted by the Assembly*

#### **INTRODUCTION**

1. The Assembly was concerned with the following items of the Consolidated Agenda (document AB/XXV/1 Rev.): 1, 2, 8, 14 and 15.
2. The report on the said items, with the exception of item 8, is contained in the General Report (document AB/XXV/6).
3. The report on item 8 is contained in the present document.

**ITEM 8 OF THE CONSOLIDATED AGENDA:  
MATTERS CONCERNING THE PCT UNION**

Accession of Mexico to the PCT

4. The Director General announced that Mexico had just deposited its instrument of accession to the PCT. He particularly welcomed this accession as Mexico was the first Spanish-speaking Latin American country to join the PCT. He expressed the ardent hope that this would encourage other Latin American countries to accede to the PCT.

5. The Delegation of Mexico stated that its accession to the PCT was a very important step in the modernization of its intellectual property system and legislation. The present competitiveness of the world economy, with its increased commercial integration, highlighted the importance of technology for industrial development and the need for governments to perfect their industrial property systems. Mexico was in the process of doing this, not only through new legislation to incorporate the "TRIPS" provisions and the intellectual property provisions of the North American Free Trade Agreement, as well as to establish the Mexican Industrial Property Institute, but also through accession to the PCT. The Delegation noted that the majority of countries with which Mexico has trade relations were members of the PCT, and 90% of applications for patents in Mexico came from PCT Contracting States. Mexico's accession to the PCT was in line with its policy of internationalizing the Mexican economy and would make it easier for its nationals to seek patent protection abroad and for foreign applicants to obtain patents in Mexico.

6. The Delegations of the United States of America and Canada expressed pleasure that Mexico had joined the PCT and would thus obtain the many benefits provided by the PCT.

Maximum Number of Designation Fees Payable

7. Discussions were based on paragraphs 23 to 31 of document PCT/A/XXII/1.

8. In reply to a question by the Chairman, the Director General stated that it was extremely difficult to forecast the financial impact of the proposal to increase from 10 to 15 the maximum number of designation fees payable in view of the fact that the reaction of applicants to any such an increase was very difficult to quantify, but that the International Bureau estimated that it might increase PCT fee income by between one and three million francs annually. As compared with an increase of all PCT fees, the proposal seemed to provide a more equitable means of increasing income, especially as concerns small users of the PCT system who, since they generally made less than ten designations, would not have to pay higher fees. The increase was primarily justified by the fact that when the ceiling of 10 designations was decided (in 1984) the maximum number of States which could be designated was 35 whereas today it was 74 and very shortly will exceed 80. Thus, the 50% increase in the ceiling was considerably smaller than the more than 100% increase in the number of contracting States.

9. The Delegations of Sweden, Australia, Italy, Germany, the United States of America, the United Kingdom and Canada expressed their concern that a financial analysis had not been presented to justify the proposal; in the absence of that, they said that they could not support the proposal. The Delegation of Australia asked for further consideration of the expected effect on revenue, and asked that a "revenue-neutral" option be considered. The Delegations

of the United Kingdom and Canada questioned whether a fee increase was needed in the light of the healthy situation of the reserves and the expected surplus for the PCT Union in the present biennium.

10. The Delegation of Sweden, while recognizing that the cost of handling international applications should be covered by the fees, stated that it considered that any proposal for a fee increase should be based on an economic analysis, rather than on a proportionality based on the number of PCT Contracting States or on the number of possible designations.

11. The Delegations of Australia, Germany, the United Kingdom, Japan and Canada expressed concern over the impact that the proposal would have on applicants from their countries. The Delegation of Australia noted that 60% of international applications from Australia designated all countries, so that the proposed increase would increase fees for those applicants, and would cause applicants to be more selective in making their designations, possibly reducing the number of those; it also asked whether the proposal was intended to cause applicants to be more selective in making their designations, and whether that would be advantageous or not. The Delegations of Germany and Japan stated that increasing the ceiling of ten paid designations might lead to less use of the PCT. The Delegation of Germany added that frequent users of the PCT system found that the present ceiling corresponded to their needs. The Delegation of the United Kingdom said that it would be necessary to know what would be the impact of the proposal on the behavior of users of the PCT system.

12. The Delegations of Germany, the Russian Federation, the United States of America, the United Kingdom and Canada said that more information was needed and that they considered that the proposal should be reviewed in more detail by other bodies, notably the PCT Committee for Administrative and Legal Matters and/or the WIPO Budget Committee; they would be willing, in the light of that review, to have the PCT Assembly reconsider the matter next year.

13. The Delegation of Portugal stated that it agreed on the need to have funds in the reserves, especially for an increased level of PCT activities and to promote the PCT. However, since fee increases were generally criticized by users, the Delegation asked whether it would not be possible to increase the revenues without increasing the fees.

14. The Delegation of Spain said that it did not support the proposal.

15. The Delegations of Switzerland, Kenya, Romania, Cote d'Ivoire and Sudan stated that they supported the Director General's proposal. The Delegation of Switzerland added that the proposal was simple and logical; the Delegation considered that such a minor modification in fees would not have any impact on the behavior of applicants, and added that it would be very difficult to make forecasts in this connection.

16. Noting that the proposal would increase PCT income, the Delegations of Kenya and Côte d'Ivoire emphasized the importance of having funds generated for WIPO's activities, particularly development cooperation activities, and for reducing member State contributions below their current levels.

17. The Delegation of Brazil affirmed that the issue involved more than just budgetary questions. The Delegation noted that it would have been helpful to have had more precise

information and estimates provided in the document, but said that it would be willing to accept the Director General's proposal.

18. The representatives of the International Federation of Industrial Property Attorneys (FICPI) and of the International Association for the Protection of Industrial Property (AIPPI) stated that the users of the PCT system were happy with that system. They noted that the typical PCT applicant planned to make six to eight designations, but often increased the number of paid designations to ten in order to be able to keep his options open by covering a large number of countries; the low incremental cost constituted a major attraction of the PCT system. If the maximum number of designation fees were to be increased, that would result in a large increase in cost for such applicants, and could influence their behavior to keep to the original number of designations planned, which could even result in an overall loss of PCT revenue. Those representatives therefore recommended that the proposal be reconsidered. They also suggested that consideration be given to means of rationalizing operations to reduce the number of communications from the International Bureau to designated States.

19. The Director General noted the need for additional revenue in order to have reserves in case of unfavorable economic conditions, for investments in additional premises needed mainly because of the expansion of the PCT, for investment in the continuous modernization and computerization required because of the rapid growth in numbers of international applications, and in order to provide assistance to the Offices of new PCT member States, which in future would nearly all be developing countries.

20. The International Bureau also noted that the additional income expected from the proposal to increase to 15 the maximum number of designations payable would correspond to a general fee increase of about 2 to 4%. Noting that the PCT Assembly had a year ago supported a 5% fee increase, but not with the necessary three-quarters majority, it could be asked whether a general fee increase would be preferable to the said proposal as a means of generating additional revenues.

21. The Chairman observed that the budget approved a year ago had forecast a surplus of about 11 million francs for the PCT Union, but that a higher surplus might be expected as the number of international applications was now higher than had been budgeted.

22. The Delegations of Portugal, Ireland and Denmark, while sympathetic to the need for further revenues, noted that no financial study had been provided to give a basis for a general fee increase at this time. The Delegation of Denmark considered that the question of having a fee increase or increasing the number of designation fees payable should be examined in the context of consideration of the budget.

23. The Assembly concluded that further work was needed on the proposal to increase the maximum number of designation fees payable, including both its budgetary implications (in the context of the needs of the Organization) and an assessment of its possible impact on applicants; the said proposal or an alternative proposal for a general fee increase could be considered by the Assembly in 1995 following consideration by the PCT Committee for Administrative and Legal Matters and/or the WIPO Budget Committee, as appropriate.

Cost of Producing the "PCT Gazette" and "Gazette du PCT"

24. Discussions were based on paragraphs 1 to 22 of document PCT/A/XXII/1.

25. The Delegation of Germany said that if the PCT operations were run by a private enterprise, as a first step for making economies, the French "Gazette du PCT" would be dropped because the production cost was considerably out of proportion to its use; even the production cost of the English "PCT Gazette" was out of proportion. Therefore, it would be appropriate, as a second step, to simplify the paper version of the Gazette, possibly along the lines used by the European Patent Office by eliminating the abstracts and the drawings (since those were available on CD-ROMs). A final step would be to transfer from paper completely to CD-ROMs--as the medium of the future--the publication of information on international applications.

26. The Delegations of Switzerland, Canada, France and Cameroon stated that they would not agree to any possible future proposal to eliminate the French version of the Gazette. The Delegations of Canada and Cameroon added that there should be equality of the substantive content of the English and French versions of the Gazette. The Delegation of the Organisation africaine de la propriété intellectuelle (OAPI) noted the importance to it of having the Gazette available in OAPI's two working languages.

27. As to the possibility of eliminating the abstracts and the drawings from the Gazette, and publishing in that Gazette only the bibliographic data as in the European Patent Bulletin, the Delegations of Switzerland and France said that this should be studied thoroughly, including consultations with the interested circles. The Delegation of France suggested that the abstracts could be made available on CD-ROMs, separately from the Gazette. The representative of FICPI, speaking also on behalf of AIPPI, expressed support for any proposal to make PCT operations more cost-effective; while some practitioners would attach importance to having the abstract and drawings included in the Gazette, it recommended that the possibility of eliminating those should be seriously considered; the format of the Gazette could be like that of the European Patent Bulletin, with a single edition in both English and French containing only the titles and the necessary bibliographic information.

28. As to the possibility of replacing the (paper) Gazette by publication of CD-ROMs, the Delegations of Switzerland and Canada noted that, although this was not urgent, it should be considered in due course as technology was evolving in the direction of replacing information on paper by CD-ROMs. The Delegation of France noted the need to consult with interested circles before eliminating the paper version. The Delegation of the United Kingdom said that a move from publication in paper form in the short term would cause problems; it asked that its patent libraries be involved in any consultations on the matter. The Delegations of Cameroon and OAPI recognized the value of the electronic format, but emphasized the need to continue having the (paper) Gazette, which was important to developing countries which did not have advanced technological equipment widely available. The representative of FICPI, speaking also on behalf of AIPPI, considered that it might be premature to replace the (paper) Gazette by CD-ROMs, but would be supportive if that would contribute to substantial cost savings.

29. The International Bureau observed that much praise had been received for the contents of its Gazette, which contained more information than the gazettes or bulletins of other Offices. However, in light of the rapid and cheap availability of information in CD-ROM format,

consideration could be given to the two possibilities mentioned in paragraphs 27 and 28, above, both by the International Bureau and by the users of the Gazette.

30. The Delegations of the United Kingdom, Canada and France said that they agreed that the index of international publication numbers according to designated States be eliminated.

31. The Assembly noted the contents of paragraphs 1 to 21 of document PCT/A/XXII/1, and it agreed that publication of the index of international publication numbers according to designated States be discontinued.

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