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

ASSEMBLY

**Twenty-Sixth (15th Extraordinary) Session
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**PROPOSED AMENDMENTS OF THE SCHEDULE OF FEES
ANNEXED TO THE REGULATIONS UNDER THE PCT**

Memorandum prepared by the Director General

1. The budget surplus of the 1998-1999 biennium, as approved by the Member States, amounts to a total of 16.4 million Swiss francs (see document A/32/2-WO/BC/18/2, Annex 7). Proposals on the utilization of this budget surplus are presented in document WO/GA/23/2. Two of those proposals would require amendment of the Schedule of Fees annexed to the PCT Regulations, as outlined in the following paragraphs.

Reduction of the maximum number of designation fees payable

2. The first proposal which would require amendment of the Schedule of Fees is to reduce the maximum number of designation fees payable. Pursuant to PCT Rule 15.1, each international application is subject to the payment of as many designation fees as there are national patents and regional patents sought by the applicant under Rule 4.9(a), except that the Schedule of Fees may indicate a maximum number of designation fees payable.

3. At present, the Schedule of Fees indicates that, for designations made under Rule 4.9(a), the amount is 150 Swiss Francs per designation, "provided that any designation made under Rule 4.9(a) in excess of 11 shall not require the payment of a designation fee."

4. It is proposed to amend the Schedule of Fees by decreasing the maximum number of designation fees payable from 11 to 10 (see the amended Schedule of Fees appearing in Annex 1 to this document; text proposed to be deleted is struck through and text proposed to be added is underlined).

5. This measure would represent a benefit to the majority of the PCT applicants. In respect of about 54% of all PCT applications filed in the first three months of 1998, the maximum number of designation fees (that is, 11 designation fees) were paid. Paying that maximum while designating *all* Contracting States allows applicants to keep all options open until the end of the international phase before deciding whether, and in which designated States, to proceed with the application into the national phase. Use of this possibility is made by all kinds of applicants, including individual inventors and small and medium-size enterprises as well as multinational corporations. Individual inventors and small and medium-size enterprises would benefit from the proposed decrease of the maximum number of designation fees payable because they often do not know, when filing the international application, whether the invention will be successful, and thus have an interest in keeping their options open by making all possible designations. On the other hand, a large number of major companies using the PCT system often know exactly, at the outset, which countries they are interested in and thus make a limited number of designations, usually between four and seven. By reducing the maximum number of designation fees payable, it will become more interesting for such companies to increase to 10 the number of designation fees paid and thus obtain, for a relatively small additional amount, the option of designating all PCT Contracting States at the time of filing.

Reduction of fees when PCT-EASY software is used

6. The second proposal which would require amendment of the Schedule of Fees is to provide for a fee reduction for all applicants who prepare international applications using the “PCT-EASY” (Electronic Application System) software. It is proposed to reduce by 200 Swiss francs the total amount payable in respect of the basic fee and designation fees (see Rule 15 and items 1 and 2(a) of the Schedule of Fees) for an international application which is filed with a request as a computer print-out prepared using the PCT-EASY software, together with a copy of the request in electronic form, prepared using that software, and a copy of the abstract in electronic form.

7. Great benefits for both applicants and industrial property Offices will be achieved by the use of modern computer technology for communications between applicants and Offices, between Offices and for processing within Offices. To take advantage of the possibilities provided by information technology—and as a first step towards the planned future filing system which will enable applicants to create and file patent applications electronically—the International Bureau, in cooperation with the European Patent Office, has developed the PCT-EASY software, which allows applicants to fill in, verify (using over 165 validation checks), print out and store in electronic form a computer-generated request. The PCT-EASY software will be put at the disposal of applicants free of charge on CD-ROM and through the Internet.

8. During a pilot test phase currently being undertaken, certain registered applicants have the option to file—with the International Bureau as receiving Office and certain other receiving Offices—international applications with a request on paper, accompanied by a copy of the request in electronic form, prepared using the PCT-EASY software. In view of the success of the pilot phase, it is now intended to allow applicants, as of January 1, 1999, to submit the request as a computer print-out prepared using the PCT-EASY software, and to furnish, on a diskette or by other electronic means accepted by the receiving Office, to any receiving Office which is prepared to accept the filing of the request and the abstract in such form, a copy of the request in electronic form, prepared using that software, and a copy of the abstract in electronic form. The proposed fee reduction is intended to promote the use of the PCT-EASY software for the preparation and the filing of international applications, as a first step towards the planned future electronic filing system.

9. It is recalled that the PCT Union Assembly, at its twenty fourth session (11th ordinary), held in Geneva from September 16 to October 1, 1997, adopted new Rule 89*ter*, which created the legal basis for the proposed use of the PCT-EASY software by providing for the furnishing of copies in electronic form of documents filed on paper, thus permitting the furnishing of the request and the abstract in electronic form in addition to the request and the abstract filed on paper. The Assembly decided that new Rule 89*ter* would enter into force together with modifications of the Administrative Instructions implementing that Rule, the effective date to be included in the promulgation of those modifications by the Director General (see document PCT/A/XXIV/10, paragraph 16). New Rule 89*ter* reads as follows:

“Rule 89*ter*

Copies in Electronic Form of Documents Filed on Paper

89ter.1 Copies in Electronic Form of Documents Filed on Paper

Any national Office or intergovernmental organization may provide that, where an inter-national application or other document relating to an international application is filed on paper, a copy thereof in electronic form, in accordance with the Administrative Instructions, may be furnished by the applicant.”

10. It is therefore now intended to promulgate the necessary modifications of the Administrative Instructions under the PCT as outlined in the following paragraphs. Rule 89*ter* would enter into force on the same date as those modifications to the extent that they provide for the filing of international applications together with electronic copies of the request and the abstract.

11. It is proposed to add a new Section 102*bis* to the Administrative Instructions (see Annex 2, page 1) which would clarify that, where the request is presented as a computer print-out prepared using the PCT-EASY software, a copy of the request in electronic form, prepared using that software, and a copy of the abstract in electronic form may be filed, either on a diskette or by any other electronic means accepted by the receiving Office, with any receiving Office which is prepared to accept the filing of the request and the abstract in such form. No specific requirements as to the format of the copy in electronic form of the abstract are proposed, in the expectation that applicants will provide the abstract in one of the standard text processing formats.

12. It is further proposed to add new Section 355 to the Administrative Instructions (see Annex 2, page 2) to provide that any such request and abstract furnished by the applicant to the receiving Office in electronic form would be transmitted by that Office to the International Bureau in an electronic form which the International Bureau is prepared to accept. This will enable the International Bureau to electronically process those parts of the international application.

13. Proposed new Sections 102*bis* and 355 would be promulgated by the Director General with effect from January 1, 1999, together with the entry into force of Rule 89*ter*.

14. With regard to proposed new Sections 102*bis* and 355, this document is issued for the purposes of consultation under Rule 89.2(b).

Overall possible savings for applicants

15. The combination of the two proposed fee reductions outlined above would confer on an applicant using the PCT-EASY software *and* paying the maximum number of designation fees payable (10) a reduction in the International Fee (basic and designation fee) of about 15% (old amount: 2,300 Swiss francs; new amount: 1,950 Swiss francs). About the same reduction would be conferred on an applicant who, in addition to the two proposed fee reductions outlined above, benefits from the already existing 75% fee reduction for certain applicants (see the Schedule of Fees) (old amount: 575 Swiss francs; new amount: 487 Swiss francs).

16. The Assembly of the PCT Union is invited:

(a) to adopt the proposed amendments to the Schedule of Fees as appearing in Annex 1 to this document and to decide that they will enter into force on January 1, 1999;

*(b) to note that the Director General intends to promulgate modifications of the Administrative Instructions implementing Rule 89*ter* to the extent provided for in those modifications, as set out in Annex 2 to this document, and taking into account consultations with the interested Offices pursuant to Rule 89.2(b) during the Assembly's session, with effect from January 1, 1999.*

[Annexes follow]

ANNEX 1

PROPOSED AMENDMENTS OF
THE REGULATIONS UNDER THE PCT

SCHEDULE OF FEES

(as proposed to be amended with effect from January 1, 1999)

Fees	Amounts
1. Basic Fee: (Rule 15.2(a))	
(a) if the international application contains not more than 30 sheets	650 Swiss francs
(b) if the international application contains more than 30 sheets	650 Swiss francs plus 15 Swiss francs for each sheet in excess of 30 sheets
2. Designation Fee: (Rule 15.2(a))	
(a) for designations made under Rule 4.9(a)	150 Swiss francs per designation, provided that any designation made under Rule 4.9(a) in excess of 10 10 shall not require the payment of a designation fee
(b) for designations made under Rule 4.9(b) and confirmed under Rule 4.9(c)	150 Swiss francs per designation
3. Handling Fee: (Rule 57.2(a))	233 Swiss francs

Reductions

4. The total amount of the fees payable under items 1 and 2(a) is reduced by 200 Swiss francs if the international application is filed, in accordance with and to the extent provided for in the Administrative Instructions, on paper together with a copy thereof in electronic form.
5. All fees payable (where applicable, as reduced under item 4) are reduced by 75% for international applications filed by any applicant who is a natural person and who is a national of and resides in a State whose per capita national income is below US\$ 3,000 (according to the average per capita national income figures used by the United Nations for determining its scale of assessments for the contributions payable for the years 1995, 1996 and 1997); if there are several applicants, each must satisfy those criteria.

[Annex 2 follows]

PROPOSED MODIFICATIONS OF THE
ADMINISTRATIVE INSTRUCTIONS UNDER THE PCT

Section 102bis

Copies in Electronic Form of Request and Abstract

(a) Pursuant to Rule 89ter, any receiving Office may provide that, where the request is presented as a computer print-out prepared using the PCT-EASY software made available by the International Bureau, a copy thereof in electronic form, prepared using that software, and a copy of the abstract in electronic form may be furnished on a diskette or by other electronic means accepted by the receiving Office for that purpose.

(b) Any receiving Office which provides, under paragraph (a), for the furnishing of copies in electronic form of the request and of the abstract shall notify the International Bureau accordingly. The International Bureau shall promptly publish any such information in the Gazette.

(c) Item 4 of the Schedule of Fees annexed to the Regulations shall apply to reduce the fees payable in respect of an international application filed, together with copies of the request and the abstract in electronic form as provided by paragraph (a), with a receiving Office which has notified the International Bureau under paragraph (b).

Section 355

Transmittal of Copies in Electronic Form of Request and Abstract

Any copy of the request and the abstract in electronic form furnished to the receiving Office in accordance with Section 102*bis* shall be transmitted by that Office to the International Bureau, at the same time as the record copy, in an electronic form which the International Bureau is prepared to accept.

[End of Annex and of document]