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Contents

Introduction

Questions to be Discussed

Program for 1972

Total of Special Contributions for 1972

Specifying the Amount of Special Contributions
for Certain States for 1972

Basis for Calculating the Special Contributions
for 1972

Introduction

1. It is recalled that the Patent Cooperation Treaty (hereinafter referred to as "the PCT") was open for signature until the end of 1970 and has been signed by 35 countries. With the exception of Senegal and Syria, they all participated in the Diplomatic Conference of Washington which adopted the PCT on June 19, 1970. The 35 signatories are the following: Algeria, Argentina, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany (Fed. Rep.), Holy See, Hungary, Iran, Ireland, Israel, Italy, Ivory Coast, Japan, Luxembourg, Madagascar, Monaco, Netherlands, Norway, Philippines, Romania, Senegal, Soviet Union, Sweden, Switzerland, Syria, Togo, United Arab Republic, United Kingdom, United States of America, Yugoslavia.

2. It is further recalled that 55 member States of the Paris Union participated in the Diplomatic Conference of Washington which adopted the PCT on June 19, 1970. Of those 55 States, the following 22 have not signed the PCT: Australia, Bulgaria, Cameroon, Central African Republic, Dominican Republic, Gabon, Indonesia, Malawi, Malta, Mauritania, Mexico, Niger, People's Republic of the Congo, Poland, Portugal, South Africa, Spain, Trinidad and Tobago, Turkey, Uganda, Uruguay, Zambia.

3. Finally, it is recalled that the Executive Committee of the Paris Union increased the membership of the Patent Cooperation Treaty Financing Working Group (hereinafter referred to as "the Working Group"), which now consists of the following 11 States: Canada, France, Germany (Fed. Rep.), Italy, Japan, Netherlands, Soviet Union, Sweden, Switzerland, United Kingdom, United States of America.

4. All members of the Working Group have signed the PCT.

5. The mandate of the Working Group is "to study, with the Director General of WIPO, the financial repercussions of the Patent Cooperation Treaty until such time as it enters into force. It [the Working Group] will recommend measures for financing the expenses of the International Bureau connected with the Patent Cooperation Treaty until such entry into force." (Report of the Sixth Session (1970) of the Executive Committee of the Paris Union (document P/EC/VI/9, paragraph 29)).

Questions to be Discussed

6. It is suggested that the Second (February 1971) Session of the Working Group should study the four questions enumerated below. They all concern the International Bureau's program for 1972 in the field of the PCT and its financing through special contributions. These are matters which will be further discussed and finally decided by the September 1971 session of the Executive Committee of the Paris Union. The Working Group's advice is sought at such an early stage because it will facilitate the preparation of the work of the Executive Committee and because the Director General intends to communicate the preparatory document concerning the program and budget of the 1972 PCT operations well in advance of the September meetings, preferably in the course of the month of March. Countries which need as much detail as possible as early as possible in order to prepare their financial commitments would thus have the maximum time for that purpose.

7. The four questions are the following:

(i) What should be the program for 1972?

(ii) What should be the target amount of the special contributions?

(iii) Which countries should be invited to pay a specified amount and which countries should be invited to contribute without suggesting any fixed amount?

(iv) What should be the basis for assessing the amount of the contribution of each country invited to pay a specified amount?

Program for 1972

8. The three Interim Committees established, pursuant to a resolution of the Washington Diplomatic Conference, by the Assembly, the Conference of Representatives and the Executive Committee of the Paris Union--that is, the Interim Advisory Committee for Administrative Questions, the Interim Committee for Technical Cooperation and the Interim Committee for Technical Assistance--will meet just before (from February 8 to 11, 1971) the Working Group meets. They have been invited to draw up a program for 1972. Suggestions as to such program were made in documents PCT/AAQ/I/2, PCT/TCO/I/2 and PCT/TAS/I/2, distributed to the signatory States of the PCT in December 1970 or January 1971.

9. Program proposals will be made to the 1971 September session of the Executive Committee of the Paris Union on the basis of the recommendations of the three Interim Committees. These recommendations will be communicated to the Working Group when it convenes.

Total of Special Contributions for 1972

10. It is probable that the program for 1972 will be so full that, even if it is assumed that the entry into force of the PCT is four or five years away, the minimum level of activity will be the same in 1972 as in 1971. Considering that costs (salaries, equipment, travel, etc.) are increasing because of the inflation of practically all the currencies of the world, and considering that the 1971 PCT budget foresees an expenditure of US \$200,000, it is recommended that provision be made for a budget of US \$220,000 for 1972. This would maintain the same rate of activity as was foreseen for 1971, allowing for 10% to cover the unavoidable increase in the cost of the same services.

Specifying the Amount of Special Contributions for Certain States for 1972

11. In its First Session (June 1970), the Working Group drew up a list of 36 countries from among the member States of the Paris Union which were to contribute to the amount of \$200,000. These countries were selected mainly on the basis of statistical criteria (see document PCT/FWG/I/1). After some minor adjustments, the Executive Committee of

the Paris Union (September 1970) adopted that list, albeit with 39 countries.

12. Of those 39 countries, 27 have signed the PCT (the percentage of each in the total of \$200,000 is indicated after each name):

1.	United States	16.73%
2.	Germany (Fed.Rep.)	11.44%
3.	Japan	9.61%
4.	United Kingdom	9.18%
5.	Soviet Union	8.07%
6.	France	7.97%
7.	Canada	4.45%
8.	Italy	3.73%
9.	Switzerland	3.41%
10.	Netherlands	3.27%
11.	Sweden	2.83%
12.	Belgium	2.10%
13.	Austria	1.81%
14.	Denmark	1.02%
15.	Brazil	0.94%
16.	Argentina	0.82%
17.	Norway	0.72%
18.	Finland	0.51%
19.	Hungary	0.43%
20.	Yugoslavia	0.38%
21.	Romania	0.32%
22.	Israel	0.31%
23.	Luxembourg	0.28%
24.	Ireland	0.22%
25.	Philippines	0.14%
26.	Iran	0.09%
27.	United Arab Republic	0.08%
	(Total	90.86%)

13. The 8 signatories of the PCT which are not in the list are Algeria, Holy See, Ivory Coast, Madagascar, Monaco, Senegal, Syria, Togo.

14. The 12 countries which were in the list but did not sign the PCT are Australia, Mexico, Spain, Czechoslovakia, South Africa, Poland, New Zealand, Greece, Bulgaria, Portugal, Liechtenstein, Turkey (in the order in which they appeared in the list). All together, they represented 9.14% of the recommended contributions.

15. The question arises which countries should be invited to share among the total contributions.

16. It is suggested that the same statistical criteria should apply as for 1971 but that the non-signatories should be left out of the list. One of the reasons is that the non-signatories are not members of the three Interim Committees which play a decisive role in the shaping of the program for 1972. They could, therefore, argue that they are being asked to contribute to an activity on whose formulation they have no direct influence.
17. If this suggestion is adopted, the contribution of each of the remaining 27 countries would increase by some 10% on this score.
18. One could of course maintain the 12 countries on the list. In that case, however, it would be necessary to augment the total of the contributions by some \$20,000 (the contributions asked from these 12 countries), that is, from \$220,000 to \$240,000, since it is likely that most of the non-signatories will refuse to contribute.
19. One could also include the 8 signatories which, because of the low figures for incoming and outgoing applications, were left out of the list based on statistical criteria. Their inclusion, however, would have practically no effect on the contributions of the other countries because those 8 countries, taken together, would contribute some 0.3%.
20. Finally, it is suggested that--as in 1971--countries members of the Paris Union not appearing on the list should be invited to pay a contribution without specifying any amount. Thus, both the 8 and the 12 countries could contribute if they wished. It is, however, likely that their contributions, if any, will be very modest and should not be taken into account in computing the percentages of those countries to which specific amounts should be suggested.

Basis for Calculating the Special Contributions for 1972

21. The contributions for 1971 were calculated--on the basis of the recommendation of the First Session of the Working Group--by the Executive Committee of the Paris Union on a statistical basis described in paragraph 15 of document AB/I/11.Rev. Copy of that paragraph is annexed to the present document.

22. It is proposed that the same principles should be applied to the computation of the percentage of each country for the year 1972 on the basis of the latest statistics available at the time of the 1971 meetings of the Working Group and the Paris Union Executive Committee. These statistics are and will be those of the year 1969.

23. Applying the said principles to the 1969 statistics, the table appearing on the following page shows the resulting percentages and, on the basis of a total of US \$220,000 (or 950,400 Swiss francs), the suggested special contribution of each of the 27 countries referred to in paragraphs 16 and 17.

Country (Statistics for 1969)	A Number of national applications	B Number of outgoing applications	C Number of incoming applications	Total of the numbers under A, B, and C	Percentage (100% = 1,393,948)	Share for 1972 Expressed in	
						US \$ (100% = \$220,000)	Swiss francs (100% = Sfr. 950,400)
United States	101,515	134,157	30,507	266,179	19.12	42,064	181,720
Germany (Fed. Rep.)	66,626	72,634	33,532	172,792	12.41	27,302	117,945
Japan	105,586	24,087	28,454	158,127	11.35	24,970	107,870
United Kingdom	63,614	37,696	37,710	139,020	9.98	21,956	94,850
Soviet Union	118,998	4,633	4,546	128,177	9.19	20,218	87,342
France	45,393	27,756	32,419	105,564	7.57	16,654	71,945
Canada	31,360	5,286	29,546	66,192	4.75	10,450	45,144
Italy	33,129	10,399	25,870/2	56,463*	4.05	8,910	38,491
Switzerland	19,524	26,456	13,674/2	52,817*	3.79	8,338	36,020
Netherlands	19,700	13,526	17,269	50,495	3.62	7,964	34,404
Sweden	18,158	10,777	13,825	42,760	3.07	6,754	29,177
Belgium	17,614	4,489	16,158/2	30,182*	2.16	4,752	20,528
Austria	12,150	3,834	9,728	25,712	1.84	4,048	17,487
Brazil	10,493	140	6,564	17,197	1.23	2,706	11,690
Denmark	6,932	2,689	6,025	15,646	1.12	2,464	10,644
Argentina	7,330	441	5,500	13,271	0.95	2,090	9,029
Norway	5,189	1,057	4,313	10,559	0.76	1,672	7,223
Finland	3,803	1,152	2,915	7,870	0.56	1,232	5,322
Hungary	3,440	1,661	1,924	7,025	0.50	1,100	4,752
Yugoslavia	3,305	177	2,291	5,773	0.41	902	3,897
Romania	3,342	481	1,366	5,189	0.37	814	3,516
Israel	2,291	463	2,060	4,814	0.34	748	3,231
Luxembourg	2,391	447	2,307/2	3,991*	0.29	638	2,756
Ireland	1,735	295	1,540	3,570	0.25	550	2,376
Philippines	1,149	40	1,109	2,298	0.16	352	1,521
Iran	843	23	761/2	1,246*	0.09	198	855
United Arab Rep.	697	6	632/2	1,019*	0.07	154	665
TOTAL	706,307	384,798	302,843	1,393,948	100.00	220,000	950,400

* The figures marked with an asterisk represent the total adjusted according to the principles of paragraph 15(c) of the Annex

Excerpt from Document AB/I/11 Rev.
of July 10, 1970

15. (a) It is suggested that, subject to the two kinds of adjustments set out in subparagraphs (b) and (c), the share of each country should be in proportion to the total of three numbers, namely:

(i) the number of applications filed in its national Office ("national applications"),

(ii) the number of applications filed by its nationals abroad ("outgoing applications"),

(iii) the number of applications it receives from abroad ("incoming applications").

The word "application" means an application for a patent, an inventor's certificate and a utility certificate. The suggested proportion seems to be equitable since the three criteria reflect each country's potential interest in the Patent Cooperation Treaty: the number of national applications is a reliable indication of the volume of work in each national Office and, since the Treaty would be useful to national Offices in general (and not only in connection with international applications), it should be one of the factors taken into account; the number of outgoing applications is relevant because the Treaty will facilitate the filing of applications abroad; the number of incoming applications is relevant because the Treaty will particularly facilitate the processing and evaluation of applications accompanied by international search reports.

(b) The first adjustment proposed is that, in computing the percentage of the total costs (100% = US \$200,000) to be borne by each country, countries where the total number of national, outgoing and incoming applications is less than 1,000 should be disregarded. Furthermore, a few countries have not been included in the list under paragraph 16 because the statistics were not complete or the country is not a member of the Paris Union. These adjustments, taken together, mean that between 3 and 4 percent of the world total of national, outgoing and incoming applications is not considered. This percentage is so small that it hardly affects the results.

(c) The second adjustment proposed is that, in the case of countries which do not carry out full examination on all national applications maintained, the number of incoming applications should be reduced by half. This adjustment would apply to Belgium, Italy, Luxembourg, South Africa, Spain, and Switzerland.*) It is intended to take into account the fact that, in those countries, international search reports are of interest only to the general public and the courts, and not to Patent Offices.

*) Among the 27 States listed for 1972, Italy, Switzerland, Belgium, Luxembourg, Iran and the United Arab Republic.