

Patent Cooperation Treaty (PCT) Working Group

**Twelfth Session
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FEE REDUCTIONS FOR UNIVERSITY APPLICANTS: OPTIONS FOR IMPLEMENTATION

Document prepared by the International Bureau

SUMMARY

1. This document sets out options for implementation of the proposal by Brazil for fee reductions for university applicants made at the eleventh session of the Working Group, along with proposals for amendments to the Schedule of Fees, should the Working Group agree to recommend adoption of the proposal by Brazil.

BACKGROUND

2. At its eleventh session, the Working Group discussed a proposal by Brazil to reduce PCT fees for universities from certain countries, notably developing and least developed countries (document PCT/WG/11/18 Rev.). The document proposed a fee reduction of 50 per cent for universities from States that benefit from the fee reductions under item 5(a) of the Schedule of Fees, up to a maximum of 20 international applications per year filed by a given university. The document also proposed a fee reduction of 25 per cent for universities in countries that did not meet the criteria under item 5 of the Schedule of Fees, up to a maximum of five international applications per year filed by a given university.

3. Paragraphs 53 to 57 of the Summary by the Chair of the eleventh session of the Working Group (document PCT/WG/11/26) summarize the discussions of the proposal. A full record of these discussions is set out in paragraphs 156 to 198 of the Report of the session, document PCT/WG/11/27. Paragraph 57 of the Summary by the Chair outlines the follow-up agreed by the Working Group:

“57. The Working Group invited the Secretariat to begin a consultation, through a Circular, amongst Member States and other stakeholders before the end of 2018 to identify issues and solutions, risks and mitigations which might be relevant to the discussions on possible fee reductions for universities. The consultation might, if practical, include examples of concrete measures which could be considered to address the issues referred to in paragraphs 54 to 56 [of document PCT/WG/11/26], above, without prejudice to alternative suggestions which might be proposed by Member States. The feedback received during those consultations would serve as the basis for a document prepared by the International Bureau setting out possible options as to how to address the various implementation issues which had been identified during the discussions at the present session, including, where appropriate, proposals for necessary amendments to the PCT Regulations, for consideration by the Working Group at its next session.”

4. On January 17, 2019, the International Bureau issued Circular C. PCT 1554 (“the Circular”) to consult PCT Contracting States and other stakeholders on issues associated with the possible introduction of fee reductions for universities. Document PCT/WG/12/3 summarizes the replies obtained from this consultation. Taking into account these replies, this document sets out possible options as to how to address the various implementation issues, as requested at the eleventh session of the Working Group.

IMPLEMENTATION OPTIONS

DETERMINING ELIGIBILITY

5. In the view of the International Bureau, the list of universities held by the International Association of Universities (IAU) on the WHED Portal would be the preferred means for determining eligibility of an institution for PCT fee reductions as a university. The International Association of Universities is a non-governmental organization founded under the auspices of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and is an official partner of UNESCO. None of the responses to the Circular considered that use of this list in itself was not appropriate. As the WHED Portal is believed to be the unique online reference tool for up-to-date information on higher education institutions worldwide, it would be more straightforward and transparent to use this list than to compile a list of universities solely for determining PCT fee reductions. Institutions that are not in the WHED Portal could provide the information to the IAU to be considered for addition to the WHED Portal as part of the updating process. This would confirm eligibility of the institution for fee reductions, and also provide valuable information for other users of the WHED Portal.

6. The International Bureau has been in contact with the IAU Secretariat and discussions on various details are ongoing. The IAU Secretariat normally reviews the list of universities on a four year cycle, by region, but it has confirmed that it is possible for eligible institutions to be added in-between cycles on request. The requirements are: (i) recognition by the competent bodies for their State (typically a ministry or accreditation council); (ii) to offer at least a 4 year university degree; and (iii) to have had at least three cohorts graduate. Use of the list of universities would be subject to a contract defining the permitted usage and potentially payment of a fee. This would preclude the International Bureau publishing a consolidated list (applicants would need to consult the lists on the WHED Portal itself), but should permit the International Bureau to make available a list of eligible institutions within the relevant State or region to each receiving Office and to allow auto-complete and validation within ePCT and similar software maintained by national Offices.

ELIGIBILITY IN THE CASE OF MULTIPLE APPLICANTS

7. In line with the established principle under the PCT Schedule of Fees, the International Bureau recommends that any fee reductions for universities require that all applicants satisfy the eligibility criteria or a criterion that would offer a higher percentage fee reduction at the time of filing of the international application (with regard to reductions in the supplementary search fee and the handling fee, see paragraph 14, below). Most respondents to the Circular agreed with this view.
8. Applying this principle to an international application with a second university as co-applicant, if the applicants had paid a reduced international filing fee, the international application would count against the total number of international applications that each university applicant would be entitled to file at the reduced fee. A university that had already submitted the maximum number of international applications allowed at a reduced fee during a particular year, be that as the sole applicant or as a co-applicant, would not be entitled to benefit from any further fee reductions during that year.
9. In the case of an international application filed by a university with individual researchers named as co-applicants who are employed by, or studying at that university, the Schedule of Fees could include a provision to allow such an international application to benefit from fee reductions even in cases where one of these researchers would (under item 5 of the current Schedule of Fees) not be eligible for a fee reduction. Such an individual researcher from a State not listed under item 5 of the current Schedule of Fees could then be named as a co-applicant with a university from a developing or least developed country without affecting the eligibility of the university for fee reductions, provided such co-applicant was the inventor, or one of the inventors, and provided that co-applicant was an employee, a student or a researcher at the university and made the invention as part of work carried out at the university. The proposed amendments to the Schedule of Fees set out in the Annex contain a provision to that effect (see proposed new item 6).

CLAIMING A FEE REDUCTION AS A UNIVERSITY

10. When filing an international application, the International Bureau proposes that each university applicant must claim and declare its eligibility for the fee reduction, clearly indicating the university listed on the WHED Portal that is the applicant. Similar to fee reductions under item 5 of the current Schedule of Fees, the Schedule of Fees would make the eligibility for the fee reduction dependent on the fact that there are no beneficial owners that would not be entitled to the fee reduction. The declaration would also need to confirm that any individual co-applicants not otherwise eligible for fee reductions (under item 5 of the current Schedule of Fees) were employees, students or researchers at that university. The confirmation of eligibility and declaration should be straightforward to complete and ideally be submitted at the same time as the request form (but as a separate document so as not to risk adding to page fees). The International Bureau would establish a form for this purpose, with an arrangement for easily generating it if filing using ePCT.

PROCESSING AN INTERNATIONAL APPLICATION INCLUDING A UNIVERSITY APPLICANT CLAIMING A FEE REDUCTION

International Filing Fee

11. In order to monitor numbers of fee reductions claimed by a university and ensure that universities do not exceed any limits in place for reductions, the following steps could apply for an international application including a university that was eligible to pay a reduced international filing fee.

(a) The receiving Office would check potential eligibility for the fee reduction as a university by ensuring that a declaration of eligibility was included that appeared valid in the context of the listed applicants (the International Bureau would provide each receiving Office with a list of universities headquartered in their State or region). This would be a simple check to ensure that the listed university was an eligible institution and that any other applicants were not inconsistent with what was listed on the declaration – the receiving Office would not be expected to check the veracity of any statement regarding the status of co-applicants indicated as employees, students and researchers.

(b) The receiving Office should reject a claim for fee reductions if it was aware that the university in question had already reached its limit for the year. However, it would not be responsible for counting reductions claimed. The International Bureau would maintain records of international applications in respect of which a university applicant had paid a reduced international filing fee in a database that would be updated immediately on receipt of the record copy in case of electronically filed applications where the data was held in an appropriate format, or shortly after receipt otherwise. Upon receiving the information from the receiving Office, the International Bureau would verify the eligibility for the reduction, checking against the number of international applications that the applicant had filed during the year with reduced fees and inform the receiving Office if the limit on numbers of applications had been exceeded.

(c) If the applicant was found not to be eligible for the reduction, the receiving Office would invite the applicant to pay the amount required to cover the unpaid fees due.

(d) If the applicant paid a reduced fee without having submitted the required declaration, the receiving Office would invite the applicant either to submit the declaration or to pay the outstanding fees within the normal time limits.

12. It is envisaged that the claim by the applicant for the fee reduction would involve giving authorization to the International Bureau to provide information on the number of fee reductions claimed by the university in question to the receiving Office of or acting for the State in which the university is headquartered and to any other receiving Office at which the university filed an international application. This would permit the International Bureau to offer receiving Offices a live count of the number of fee reductions claimed in applications that had been received by the International Bureau, which could be built into the application acceptance processing for receiving Offices using ePCT or be visible on demand to other receiving Offices should they wish to check on numbers. If so requested, the International Bureau could also investigate the possibility of sending receiving Offices lists of universities in their country that had reached the maximum each time that this occurred.

13. It is considered that the checks described above would require negligible additional work by receiving Offices and the International Bureau. In particular, it is expected that only a very small number of cases would occur where the International Bureau would find that a university had exceeded the number of permitted claims for reductions and that the receiving Office would be requested to invite additional fees. Should Contracting States remain concerned that the proposals may involve too much additional work for receiving Offices, the International Bureau could accept an arrangement, suggested in some responses to the Circular, that the reduction be made available only in the case of filing to the receiving Office of the International Bureau. This would, however, reduce options open to the universities and might create difficulties in some countries with national laws requiring licenses for foreign filings, or else where payments to other countries are difficult.

Supplementary Search Handling Fee and Handling Fee

14. The proposal submitted by Brazil set out in document PCT/WG/11/18 Rev. proposes a fee reduction for universities to apply to the international filing fee, the supplementary search handling fee and the handling fee, equivalent to the reductions under item 5 of the current Schedule of Fees. Under the current Schedule of Fees, the eligibility for any reduction of those fees is only checked “at the time of filing of the international application”; in other words, there is no further check whether the applicant is still eligible for the reduction in the supplementary search fee or the handling fee at the time the applicant files the request for supplementary search or the demand, respectively. Consequently, where, after the filing of the international application by an applicant who was eligible for the fee reduction, there is a change in the person of the applicant to an applicant who, at the time of filing of the international application, would not have been eligible for the fee reduction, that new applicant would still benefit from the reduction of the supplementary search fee and the handling fee, since, after filing of the international application, eligibility is not checked again. The Working Group may wish to consider whether, in respect of all fee reductions available to applicants, this practice of checking eligibility only once, by the receiving Office at the time of filing of the application, should be maintained or whether the Schedule of Fees should be amended to require that an applicant must (still) be eligible for the reduction of the supplementary search fee at the time of filing of the request for supplementary search (to be checked by the International Bureau), or for the reduction of the handling fee at the time of filing of the demand (to be checked by the International Preliminary Examining Authority) (see proposed new item 8 of the Schedule of Fees set out in the Annex).

PROPOSAL

15. The Annex to this document sets out potential amendments to the Schedule of Fees to provide for fee reductions for university applicants should the Working Group recommend the adoption of the proposals made by Brazil set out in document PCT/WG/11/18 Rev. In line with comments made by Member States on the need for some universities to name individuals from research groups as co-applicants, the amendments also provide for the possibility for a university to include employees, researchers and students from a State not listed under item 5 of the current Schedule of Fees as co-applicants without losing eligibility for fee reductions, as discussed in paragraph 9, above.

16. The International Bureau does not consider that any other amendments to the PCT Regulations would be required to implement the proposals. A consultation would be required on modifications to the Administrative Instructions, forms and the Receiving Office Guidelines, following the adoption of amendments to the Schedule of Fees, to finalize the details, for example, the exact wording of statements required to be made by the applicant when claiming the fee reduction.

17. Should the Working Group recommend to the PCT Assembly to adopt the proposed fee reductions for university applicants, the International Bureau proposes that the Assembly should also adopt an Understanding similar to that which it adopted in 2017 with regard to the 90 per cent reductions under item 5 of the current Schedule of Fees (see paragraph 3 of document PCT/A/49/4). Such an Understanding could read as follows:

“It is the understanding of the PCT Assembly that the fee reduction in sub-items 6(c) or (d) 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 under these items, or under sub-items 6(a) or (b) of the Schedule of Fees.”

18. Regarding a sunset clause, most respondents supported the proposal set out in the Circular for any reduction in fees for universities to apply for a maximum period of seven years. This would allow the International Bureau and Contracting States adequate time to assess the effects of the reduction over a five-year period and reach a decision on whether the reduction should continue. An analysis covering a shorter period than five years would not appear to be adequate to observe the effects of the fee reductions on national phase entries and grants. Bearing in mind the need to gather information and for Contracting States to review the implementation, a seven-year trial period for the reductions would appear necessary. The following text sets out a possible sunset clause for university fee reductions that the PCT Assembly could adopt as a decision:

“(a) The amendments to the Schedule of Fees shall enter into force on [July 1, 2020], and shall apply to any international application filed on or after that date.

“(b) The Assembly shall, prior to [December 31, 2026], review the effect of granting fee reductions under sub-items (6(c) and (d) of the Schedule of Fees on the filing of international applications by universities, the impact on PCT fee income, and the number of national phase entries and grants by university applicants.

“(c) In the absence of any decision by the Assembly prior to [December 31, 2026] , to amend sub-items 6(c) and (d) of the Schedule of Fees, or to keep sub-items 6(c) and (d) as in force from [July 1, 2020] in force beyond [June 30, 2027], those sub-items and the final sentence of item 6 shall be deleted, and any references to “sub-items 6(a) to (d)” be amended to be references to “sub-items 6(a) and (b)”, with effect from [July 1, 2027] , provided that sub-items 6(c) and (d) as in force until [June 30, 2027], shall continue to apply to international applications filed[, requests for supplementary international application made and demands submitted], until [June 30, 2027] [, as appropriate].”

19. *The Working Group is invited to:*

(i) *comment on the implementation options for fee reductions for universities, as discussed in paragraphs 5 to 14, above; and*

(ii) *consider the proposals to amend the Schedule of Fees, as set out in the Annex to this document, and the proposed Understanding and Decision with regard to the implementation of these proposals, set out in paragraphs 17 and 18, above.*

[Annex follows]

PROPOSED AMENDMENTS TO THE SCHEDULE OF FEES¹

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:

(a) if there is one applicant, if the applicant satisfies at least one of the criteria set out in sub-items 6(a) to (d), by the highest of the reductions applicable to the applicant in accordance with those sub-items [at the time of filing of the international application] [at the time applicable in accordance with item 8];

[COMMENT: If there is only one applicant, that applicant would benefit, under sub-item 5(a), from a fee reduction if that applicant satisfied at least one of the criteria set out in sub-items (6)(a) to (d) (see below). If that applicant satisfied more than one of those criteria (say, a university based in an LDC), that applicant would benefit from the highest fee reduction applicable to that applicant under those criteria (that is, in the example, the applicant would benefit from the fee reduction available to it as an applicant from an LDC). With regard to the text set out in square brackets, see paragraph 14 of the main body of the present document: the Working Group may wish to consider whether to amend the Schedule of Fees so as to require that an applicant must be eligible for the reduction of the supplementary search fee and the handling fee not only at the time of filing of the international application (as at present) but also at the time of filing of the supplementary search request and of the demand, respectively.]

(b) if there are several applicants, if each of them satisfies at least one of the criteria set out in sub-items 6(a) to (d), by the lowest of the reductions applicable to any of the applicants individually in accordance with those sub-items [at the time of filing of the international application] [at the time applicable in accordance with item 8];

¹ The present Annex sets out potential amendments to the Schedule of Fees to provide for fee reductions for university applicants should the Working Group recommend the adoption of the proposals made by Brazil set out in document PCT/WG/11/18 Rev. Proposed additions and deletions are indicated, respectively, by underlining and striking through the text concerned.

[Sub-item 5(b), continued]

[COMMENT: If there are several applicants, those applicants would benefit, under sub-item 5(b), from a fee reduction only if all of the applicants satisfied at least one of the criteria set out in sub-items (6)(a) to (d). If those applicants satisfied different criteria, they would benefit from the lowest fee reduction applicable to any of the applicants individually. Example: say, one of the applicants is a university based in a State which is not on the list of States established under sub-item 7(a) (which would benefit from a [25 per cent reduction]), and the other applicant is a natural person who is a national or resident of a State which is on the list of States established under sub-item 7(a) (who would benefit from a 90 per cent fee reduction); those applicants would benefit from the lowest fee reduction applicable to any of the applicants individually, that is, from the fee reduction available to the university ([25 per cent]).]

provided that there are no beneficial owners who would not satisfy one of the criteria set out in sub-items 6(a) to (d) with the same or a higher reduction.

[COMMENT: It is proposed to apply the same “proviso” (no beneficial owners who would not satisfy one of the criteria) to all fee reductions, including those for universities.]

6. A reduction:

(a) of 90% applies to an applicant who is a natural person and who is a national of and resides in a State on the list established under sub-item 7(a):

[COMMENT: The fee reduction under sub-item 6(a), read together with sub-item 7(a), is identical to that granted under sub-item 5(a) under the current Schedule of Fees (fee reduction for applicants who are natural persons from certain States).]

(b) of 90% applies to an applicant, whether a natural person or not, who is a national of and resides in a State that is on the list of least developed countries established under sub-item 7(b):

[COMMENT: The fee reduction under sub-item 6(b), read together with sub-item 7(b), is identical to that granted under sub-item 5(b) under the current Schedule of Fees (fee reduction for any applicant, whether natural person or not, from a LDC).]

[Item 6, continued]

(c) of [50%] applies to an applicant that is a university as defined in the Administrative Instructions based in a State that is on the list established under sub-item 7(a), for a maximum of [20] international applications per calendar year filed by such university, provided that the university claims the reduction in the manner prescribed by the Administrative Instructions, declaring that it is entitled to the reduction;

[COMMENT: Sub-item 6(c), read together with sub-item 7(a), would provide for a new fee reduction for universities based in certain States that are on the list established under sub-item 7(a), with a maximum of [20] international applications per year filed by such university.]

(d) of [25%] applies to an applicant that is a university as defined in the Administrative Instructions based in a State that is not on the list established under sub-item 7(a), for a maximum of [5] international applications per calendar year filed by such university, provided that the university claims the reduction in the manner prescribed by the Administrative Instructions, declaring that it is entitled to the reduction.

[COMMENT: Sub-item 6(d), read together with sub-items 7(a), would provide for a new fee reduction for universities based in States which are not on the list established under sub-item 7(a), with a maximum of [5] international applications per year filed by such university.]

The reductions under sub-items (c) and (d) and, provided the applicant is a university as defined in the Administrative Instructions, the reduction under sub-item (b), also apply to any additional applicant who is also the inventor, or one of the inventors, irrespective of the residence or nationality of that applicant and inventor, provided that the declaration by the university confirms that that additional applicant and inventor is an employee, a student or a researcher at the university and made the invention as part of work carried out at the university.

[COMMENT: See paragraph 15 in the main body of the present document.]

7. The Director General shall establish the following lists at least every five years according to directives given by the Assembly:

(a) a list of States relevant to certain fee reductions, comprising those States 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;

(b) a list of States that are classified by the United Nations as a least developed country.

The criteria set out in sub-items (a) and (b) shall be reviewed by the Assembly at least every five years.

[COMMENT: The criteria set out in proposed new sub-items 7(a) and (b) are identical to those under sub-items 5(a) and (b) of the current Schedule of Fees.]

8. The applicable times referred to in item 5 are:

(a) the date of receipt of the international application in the case of the international filing fee;

(b) the date of receipt of the request for supplementary search request in the case of the supplementary search handling fee;

[Item 8, continued]

(c) the date of receipt of the demand in the case of the handling fee.]

[COMMENT: See paragraph 15 in the main body of the present document.]

~~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) — 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) — 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, at the time of filing of the international application, 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) 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]