



C. PCT 1553

./. The Director General of the World Intellectual Property Organization (WIPO) presents his compliments to the Permanent Missions of the United Nations Office in Geneva and has the honor to enclose a copy of Circular C. PCT 1554 that has been sent to Intellectual Property Offices of Patent Cooperation Treaty (PCT) Contracting States and intergovernmental and non-governmental organizations that are invited to attend the PCT Working Group.

January 17, 2019

Enclosure: Circular C. PCT 1554



C. PCT 1554

January 17, 2019

Madam,
Sir,

This Circular is addressed to your Office in its capacity as a receiving Office, International Searching and Preliminary Examining Authority and/or designated or elected Office under the Patent Cooperation Treaty (PCT). It is also being sent to certain organizations that are invited to attend sessions of the PCT Working Group as observers.

The purpose of this Circular is to consult with PCT Contracting States and other stakeholders on issues associated with possible fee reductions for universities.

Background

At its eleventh session, the PCT Working Group discussed a document prepared by Brazil (document PCT/WG/11/18 Rev.) proposing a fee reduction for universities. Specifically, the document proposed a fee reduction of 50 per cent for universities from States which benefit from the fee reductions under item 5(a) of the PCT Schedule of Fees¹, with a maximum of 20 international applications per year for any given university from such a State being able to benefit from that reduction. For universities from those States which do not benefit from the fee reductions under item 5 of the PCT Schedule of Fees, a fee reduction of 25 per cent is proposed for a maximum of five international applications per year. Universities from least developed countries already benefit from a fee reduction of 90 per cent in fees payable to the International Bureau under item 5(b) of the PCT Schedule of Fees.

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¹ The list of States established under items 5(a) and 5(b) is available on the WIPO website at https://www.wipo.int/export/sites/www/pct/en/fees/fee_reduction_july.pdf.

The discussions of the proposal for fee reductions for universities at the eleventh session of the PCT Working Group are summarized in paragraphs 53 to 57 of the Summary by the Chair, document PCT/WG/11/26. A full record of these discussions can be found in paragraphs 156 to 198 of the Report of the session, document PCT/WG/11/27. Paragraph 57 of document PCT/WG/11/26 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.”

Implementation of Fee Reductions for Universities

- ./. Annex I to this Circular discusses issues relevant to the implementation of possible fee reductions for universities based on the proposal discussed in the PCT Working Group.

Responses to this Circular

- ./. You are invited to respond to the issues that are discussed in this Circular by completing the Questionnaire in Annex II to this Circular by February 28, 2019, and sending it, preferably by e-mail, to the Secretariat of the PCT Working Group at: pct.wg@wipo.int. The International Bureau will take into account any responses received by this date when preparing a document for discussion at the twelfth session of the Working Group, provisionally scheduled to take place in Geneva from June 11 to 14, 2019.

Yours sincerely,



Francis Gurry
Director General

Enclosures: Annex I – Implementation of Fee Reductions for Universities in the PCT
 Annex II – Questionnaire on Fee Reductions for Universities

IMPLEMENTATION OF FEE REDUCTIONS FOR UNIVERSITIES IN THE PCT

INTRODUCTION

1. This Annex discusses issues that the International Bureau considers to be relevant to the implementation of a possible reduction for university applicants in the fees specified in the Schedule of Fees annexed to the PCT Regulations, namely, the international filing fee (Rule 15.2), the supplementary search handling fee (Rule 45*bis*.2) and the handling fee (Rule 57.2). At present, in addition to the fee reduction for applications filed in electronic form, these fees are reduced by 90 per cent:

(a) if the international application is filed by an applicant who is a natural person and is a national of or resident in a State meeting certain criteria based on gross domestic product and patenting activity (see item 5(a) of the Schedule of Fees); or

(b) if the international application is filed by an applicant, whether a natural person or not, who is a national of or who resides in a least developed country (see item 5(b) of the Schedule of Fees).

2. Where there are several applicants, each applicant must satisfy the criteria set out in items 5(a) or (b) for the fee reduction to apply.

PROPOSAL FOR FEE REDUCTIONS FOR UNIVERSITY APPLICANTS

3. Document PCT/WG/11/18 Rev., discussed at the eleventh session of the PCT Working Group in June 2018, proposed fee reductions for universities at two levels. First, universities in countries that meet the criteria under item 5(a) of the Schedule of Fees would receive a reduction of 50 per cent for the international filing fee, supplementary search handling fee and handling fee, for a maximum of 20 international applications per year filed by a given university from such country. Second, universities in countries that did not meet the criteria under item 5 of the Schedule of Fees would receive a reduction of 25 per cent for these fees, for a maximum of five international applications per year filed by a given university from such country. The proposals set out in document PCT/WG/11/18 Rev. remain under consideration by the Working Group.

4. To date, Member States have not agreed on whether to offer any fee reductions to university applicants, on possible amounts of any such fee reductions or on limits on the numbers of applications per university that could benefit from such reductions. However, the analysis in this Annex is based on the assumption that fee reductions would be granted to universities from all countries, with a higher discount and higher maximum number of applications per year for universities from countries that meet the criteria under item 5(a) of the Schedule of Fees than for universities from countries that do not meet the criteria under item 5 of the Schedule of Fees. The analysis also assumes that any fee reductions for universities would not be granted in addition to any of the existing fee reductions, other than a fee reduction that might apply for the filing the international application in electronic form. Therefore, only one percentage reduction (either 90 per cent for universities from least developed countries, the higher university fee reduction for universities from States which meet the criteria set out in item 5(a) of the Schedule of Fees or the lower university fee reduction for universities from States which did not meet those criteria) would be granted.

DEFINITION OF A UNIVERSITY

5. Paragraph 14 of document PCT/WG/11/18 Rev. offers two possible ways to define what would constitute a “university” for the purposes of a possible PCT fee reduction for universities. First, the eligibility for the fee reduction could be based on a list of “universities” maintained by the International Bureau, which in turn would invite all PCT Contracting States to provide the names of all higher education institutions that have been accredited by the competent Ministry in the State concerned. The International Bureau would then, based on information received by Contracting States, update that list on a yearly basis. Second, the eligibility for the fee reduction could be based on the compilation of institutions on the World

Higher Education Database (WHED) Portal² of the International Association of Universities (IAU), an official partner of UNESCO (associate status).

6. The first alternative would be based on national definitions to determine whether an applicant was an eligible university. During the most recent session of the PCT Working Group, some delegations raised the concern that, in such a case, the eligibility criteria could be applied too subjectively, leading to significant variations between Member States. Member States would also be required to supply the International Bureau with updates when changes had occurred. Furthermore, depending on how the reduction was applied for multiple applicants, it might also be necessary to maintain lists of eligible universities from non-PCT Contracting States, as these universities could be co-applicants on an international application, noting that the lists of States established under item 5 of the Schedule of Fees includes States that are not members of the PCT.

7. The second alternative would use an existing list such as that provided by the IAU on the WHED Portal in order to define an eligible university. Unlike the first alternative, the criteria for adding a university would be independent of the definition applied by the Member State where the university is based and might therefore be more consistent between States. The WHED Portal includes information on higher education institutions in 186 countries, including 146 of the 152 PCT Contracting States. Of the remaining six States, two are least developed countries whose universities already benefit from a 90 per cent fee reduction. The remaining four States could be encouraged to register their higher education institutions on the WHED Portal to benefit from a potential fee reduction and, pending such registration, could be offered the possibility to provide a preliminary list of eligible institutions for a transitional period.

8. Provided that suitable arrangements can be made with the International Association of Universities for the supply and use of lists of universities, the International Bureau recommends that discussions be based around the second alternative as being both administratively simpler (especially with regard to universities from States not party to the PCT) and providing established definitions that do not require new agreements on standards and questions of whether those standards have been applied consistently across different States. The International Bureau has informally contacted the International Association of Universities to discuss the possibility of obtaining and using the relevant lists, including the issue of indicating a single entry for universities listed as having multiple campuses.

ELIGIBILITY IN CASE OF MULTIPLE APPLICANTS

9. In the case of more than one applicant, at present, the fee reductions under item 5 of the Schedule of Fees require all applicants to satisfy one of the criteria set out in this item in order for the application to benefit from the 90 per cent fee reduction. The proposal in document PCT/WG/11/18 Rev. does not address the question whether it would be sufficient for one of the applicants to be a university for a fee reduction to be granted to an application, or if all applicants would need to be eligible either for the relevant fee reduction for universities, or for one of the higher percentage reductions granted under the existing Schedule of Fees.

Option A: Only One Applicant Needs to be Eligible for University Fee Reduction

10. If it were sufficient that only one of the applicants had to be eligible for the university fee reduction in order to be granted that reduction, an international application including a university would benefit from that reduction even if the application was filed jointly with another applicant not eligible for any fee reduction. This would mean, for example, that an international application involving a partnership between, say, a university and a corporate entity not eligible for any fee reduction would be eligible to receive the university fee

² <https://whed.net/home.php>

reduction, regardless of the size of and the resources available to that corporate entity. Similarly, applications filed by a university and individual researchers at that university would be eligible for the university fee reduction. An international application filed by two universities as joint applicants, one from a country that met the criteria under item 5(a) of the Schedule of Fees and the other from a country that did not meet those criteria would be eligible for the greater reduction applied to universities in countries that met the criteria under item 5(a) of the Schedule of Fees, provided that university had not already exceeded any maximum number of applications which could be filed in any given year by that university at a reduced fee.

11. In terms of the maximum number of international applications that a university could file at a reduced fee, if only one of the applicants was required to be a university for the reduction to be granted, an international application with two or more universities as co-applicants would only count against the (main) university applicant that claimed the fee reduction, since this would be sufficient to verify eligibility.

Option B: All Applicants Need to be Eligible for University Fee Reduction

12. If it were necessary that all applicants had to be eligible for the relevant fee reduction in order to be granted that fee reduction, or eligible for a higher percentage fee reduction under the Schedule of Fees, the eligibility for the reduction, or for the amount of the reduction, would depend on all co-applicants. A university would therefore not benefit from a fee reduction when filing an international application with a corporate entity as co-applicant, unless the latter was based in a least developed country and thus benefitted from the 90 per cent fee reduction under item 5(b) of the current Schedule of Fees. For an application with two universities as joint applicants, one from a country that met the criteria under item 5(a) of the Schedule of Fees and the other from a country that did not meet those criteria, the international application would be eligible for the lower reduction granted to universities in countries that did not meet those criteria, provided that the university had not exceeded any maximum number of applications which can be filed in any given year at a reduced fee.

13. If it were necessary that all applicants had to be eligible for the university fee reduction in order to be granted that reduction, a situation which might warrant particular consideration is the case of an international application filed by a university and individual researchers employed by, or studying at, that university but not eligible for any fee reduction. If the intention were to grant university fee reductions in such a case, a provision would need to be included to provide for the individual researchers not to be considered as additional applicants for the purposes of the fee reduction, on the condition that the invention was the product of work carried out at the university.

14. If it were necessary that all applicants had to be eligible for the university fee reduction in order for that fee reduction to be granted, an international application with two or more universities as co-applicants would be counted against the totals of all the applicant universities when considering the maximum number of applications filed by a university in a given year which are entitled to benefit from the fee reduction. A check on the individual ceilings and number of applications which had benefitted from reduced fees would therefore need to be performed for all universities named as applicants in an international application.

15. The table below summarizes the scenarios set out in paragraphs 10 to 14, above.

Applicant	Requirement that only one applicant has to be eligible for university fee reduction	Requirement that all applicants have to be eligible for the fee reduction or for a reduction at higher level
University A (from country meeting the criteria under item 5(a) of the Schedule of Fees) + university B (from country not meeting the criteria under item 5(a) of the Schedule of Fees)	Larger reduction	Smaller reduction
University A + applicant from LDC or natural person from country meeting the criteria under item 5(a) of Schedule of Fees	Larger reduction	Larger reduction
University B + applicant from LDC or natural person from country meeting the criteria under item 5(a) of Schedule of Fees	Smaller reduction	Smaller reduction
University A + corporate entity not from an LDC or natural person* from country not meeting the criteria under item 5 of Schedule of Fees	Larger reduction	No reduction
University B + corporate entity not from an LDC or natural person* from country not meeting the criteria under item 5 of Schedule of Fees	Smaller reduction	No reduction

LDC = least developed country

* assumes natural person is considered as an additional applicant (see paragraph 13, above)

16. The International Bureau recommends that discussions be based around the second option. This option is in line with the established principle, applied to the fee reductions under the current PCT Schedule of Fees, that fee reductions require all applicants to satisfy the eligibility criteria at the time of filing, and for there to be no beneficiary owners that would not be eligible for the reduction. While the first option might look, superficially, attractive in encouraging partnerships between universities and commercial enterprises, the savings (at a significant additional cost to the PCT System) would almost entirely be to the benefit of existing partnerships between institutions well able to afford to pay the regular fees, rather than having a material effect in creating partnerships involving universities in developing countries.

17. The discussions in the remainder of this Annex assume that, for the application to be subject to reduced fees as a university applicant, all applicants must meet the requirements for the fee reduction as a university, or the requirements for a reduction at a higher percentage.

CLAIMING A FEE REDUCTION AS A UNIVERSITY

International Filing Fee

18. In order to claim a fee reduction as a university, the applicant would be required to make a declaration accompanying the request form at the time of filing. This could take the form of a clear indication of the university or universities concerned, and a declaration that all applicants were eligible for the reduction, or for a reduction at a higher percentage, and that all university applicants have not filed more than the permitted maximum number of international applications that year with the fee reduction. The indication of the universities would need to be selected from a drop down menu (for applications filed using ePCT) or otherwise exactly match one of the institutions listed as being eligible for the fee reduction. Requiring the name of the university to match that on the WHED Portal should help achieve consistency in the practices at receiving Offices in determining eligibility for the reduction, as well as providing an accurate count of the number of reductions being claimed by each university (see paragraph 24, below).

19. In addition, for the purposes of monitoring the number of fee reductions (see paragraphs 23 to 28, below), all university applicants would be required to give consent to the sharing of information, before international publication, between the International Bureau and receiving Offices receiving applications indicated as being from the same university on the number of international filings that had been filed by those applicants. This information would be available only to the relevant Offices and be limited to what was necessary for counting applications filed, for example, the names of the university applicants and the number of the international application; no content from the application itself would be exchanged. Similarly, all university applicants would also be required to give consent to sharing of this information with the International Preliminary Examining Authority if the applicant files a demand for international preliminary examination. This would allow the International Bureau to inform receiving Offices and the International Preliminary Examining Authority whether an applicant, in a given year, had exceeded the number of applications which had benefitted from a reduction in the international filing fee.

Supplementary Search Handling Fee and Handling Fee

20. The proposal set out in document PCT/WG/11/18 Rev. also suggests that university applicants should benefit from a reduction in the supplementary search handling fee (collected by the International Bureau for the benefit of the International Bureau) and in the handling fee (collected by the International Preliminary Examining Authority for the benefit of the International Bureau). As these fees are smaller (200 Swiss francs) and paid in respect of fewer university applications than the international filing fee, the financial impact of reductions in these fees would be significantly less than any reduction applied to the international filing fee, although—to date—detailed estimates as to the potential impact on PCT fee income have not been established.

21. To claim a reduction in the supplementary search handling fee or the handling fee, the applicant would be required to make a declaration accompanying the supplementary search request or the demand for international preliminary examination, as appropriate. In addition to providing an indication of the university or universities concerned and the eligibility declaration as described in paragraph 18, above, the applicant would need to make a declaration to the effect that no change in ownership had taken place since the international filing date that would affect entitlement to the claimed fee reduction.

22. The International Bureau recommends that an applicant claiming a reduction in the international filing fee or supplementary search handling fee should be required to indicate the university, which must match the name on the WHED Portal. The applicant should also have to make a declaration that all applicants are eligible for the reduction or one at a higher percentage, and that the university applicants had not filed more than the permitted maximum number of international applications that year with the fee reduction for universities. At the time of filing the international application, the university should also be required to consent to the sharing of information between the International Bureau and receiving Offices on the number of international applications it had filed which had benefitted from the fee reduction, and between the International Bureau and the International Preliminary Examining Authority if the university filed a demand for international preliminary examination. When filing a supplementary search request or demand for international preliminary examination, the applicant should also be required to indicate that no change in ownership had taken place since the international filing date that would affect the entitlement to the claimed fee reduction.

MONITORING FEE REDUCTIONS FOR UNIVERSITIES

23. In order to limit the number of applications that a university can file at a reduced international filing fee in any year, a system for monitoring the numbers of international applications that have benefitted from a fee reduction by university applicants would need to be put in place. In this regard, most universities can file international applications at a national and/or regional Office in addition to the receiving Office of the International Bureau. The number of possible receiving Offices that could receive an international application from a given university increases greatly in the case of co-applicants with different nationalities and/or residencies.

24. However, as long as it was agreed that claiming the fee reduction would require a declaration of the type discussed in paragraph 18, above, the International Bureau considers that it would be acceptable to leave much of the monitoring to self-policing by applicants. Based on this declaration by the applicant(s), the International Bureau would be able to keep count of the reductions reported to it. While the International Bureau only has knowledge of most applications after it has received the record copy, for receiving Offices using ePCT, it would usually be able to provide immediate feedback if an applicant had exceeded the limits. For other receiving Offices, it would usually be able to contact the receiving Office to warn of a problem within a few days of receiving the record copy, leaving ample time to correct "underpayments" where the ceiling in the number of applications filed by a particular applicant had been exceeded. Moreover, if universities were required to consent to the sharing of numbers of applications filed at a reduced fee before international publication, as discussed in paragraph 19, above, the International Bureau would be able to inform the receiving Office if the applicant had exceeded the maximum number of international filings with a fee reduction, regardless of which receiving Office the applicant had selected to file those applications.

25. Similarly, in the case of the handling fee, an International Preliminary Examining Authority using ePCT would usually be able to obtain immediate feedback if the applicant had exceeded the limits on applications with an international filing fee reduction in a year if the applicant had consented to sharing information on the number of international applications filed. Moreover, the International Bureau would be able to contact the International Preliminary Examining Authority to warn of a problem within a few days of receiving the demand for international preliminary examination, leaving ample time to correct "underpayments" where the ceiling in the number of applications filed by a particular applicant at a reduced fee had been exceeded.

26. In the case of a supplementary search request (to be filed with the International Bureau) in which the applicant requested to benefit from a reduced supplementary search handling fee for universities, the International Bureau would contact the applicant directly where, based on numbers of international applications filed that year with the reduction in the international filing fee, it believed that the applicant was required to pay the full supplementary search handling fee.

27. Recognizing that many universities use more than one agent to file and prosecute international applications, occasional counting errors by applicants are likely to occur. However, the International Bureau believes that risk of underpaid fees is significantly lower for university fee reductions than for the 90 per cent fee reductions available to natural persons for States listed under item 5(a) of the Schedule of Fees, which are far more difficult to assess reliably. Furthermore, as pointed out during the discussions at the eleventh session of the Working Group, universities would not want to tarnish their reputation deliberately by abusing the system in applying for more reductions than they were entitled to (see paragraph 56 of the Summary by the Chair of the session, document PCT/WG/11/26). Consequently, the International Bureau does not see the administrative burden of monitoring and requesting correction of occasional mistakes as being a significant barrier to the proposal, provided that a clear declaration form is used and the university is required to consent to the sharing of information between Offices on the number of international applications on which it has claimed the reduction in the international filing fee.

28. The International Bureau recommends that it keep a count of the international filing fee reductions for each university in a given year based on the declarations that a university would submit to attest that all applicants were eligible for the reduction or a reduction at a higher level. Where the International Bureau became aware that the university had exceeded the maximum number of international applications filed that year which had benefitted from a fee reduction, the International Bureau would contact the receiving Office to correct any "underpayment" of the international filing fee, the International Preliminary Examining Authority to correct any "underpayment" of the handling fee, or the applicant directly to correct any "underpayment" of the supplementary search handling fee.

SUNSET PROVISION

29. During the discussions of document PCT/WG/11/18 Rev. at the eleventh session of the Working Group, "several delegations considered that, if a reduction specific to universities were to be agreed, it should be for a limited period. A 'sunset clause' should end the reduction unless it were explicitly renewed after proper evaluation of its effects in a pilot, based on hard evidence" (see paragraph 55 of the Summary by the Chair, document PCT/WG/11/26). In responding to the comments made by these delegations during the discussion, the Delegation of Brazil stated that it "was also open to a sunset clause with proper assessment of the effects, but it was not possible to assess the effects before a trial period had begun" (see paragraph 56 of the Summary by the Chair, document PCT/WG/11/26).

30. In terms of evaluation of reductions in the international filing fee for universities, the International Bureau considers that a period of five years would be necessary to analyze the effect of any fee reductions. This period should allow adequate time to observe any evolution in filings of international applications by universities, the overall impact on PCT fee income and the number of national phase entries and grants.

31. Bearing in mind the need to gather information from Member States and the time involved in the PCT Working Group reviewing the issues, bringing the matter to the PCT Assembly and any decision entering into force, a trial period of seven years would appear appropriate if Member States were to agree to include a sunset provision. After this period, fee reductions would cease to apply, unless the PCT Assembly agreed to extend or make permanent their applicability.

32. The International Bureau recommends, if Member States agree to a sunset provision for university fee reductions, to fix that period at seven years from the date of entry into force of the university fee reductions, so as to allow the International Bureau and Member States sufficient time to analyze the effect of the university fee reductions, and the PCT Assembly to decide on whether to extend those reductions or to make permanent their applicability.

[Annex II follows]

QUESTIONNAIRE ON PCT FEE REDUCTIONS FOR UNIVERSITIES

RESPONSE FROM:

Name of responsible official:

On behalf of [*State, Office or Organization*]:

DEFINITION OF A UNIVERSITY

1. Please provide comments on the proposals in paragraphs 5 to 8 of Annex I concerning the definition of a university that could be applied for the purposes of PCT reductions. In particular, do you believe that the WHED Portal could provide a basis for defining a university that could be easily verified by receiving Offices and would be independent of where the university is based?

MULTIPLE APPLICANTS

2. Please provide comments on the discussion in paragraphs 9 to 16 of Annex I on how a PCT university fee reduction should apply in the case of multiple applicants. Do you agree with the recommendation in paragraph 16 that the situation for multiple applicants should be consistent with other fee reductions in the Schedule of Fees by requiring all applicants to satisfy the eligibility criteria (or one at a higher percentage) for the application to benefit from a university fee reduction?

CLAIMING A FEE REDUCTION AS A UNIVERSITY

3. Please provide comments on the proposed process in paragraphs 18 to 22 of Annex I for an applicant to claim a reduction in the international filing fee, supplementary international search handling fee and handling fee as a university. Please provide any remarks you may have on the requirement for the applicant to provide a declaration that all applicants are eligible for the reduction (or one at a higher percentage), and to give consent to sharing of information before international publication between Offices on the numbers of international applications filed in order to monitor numbers of reductions being claimed.

MONITORING FEE REDUCTIONS FOR UNIVERSITIES

4. Please provide comments on the proposed monitoring by the International Bureau of the numbers of fee reductions filed by a university and the correction of any “underpayments”, as discussed in paragraphs 23 to 28 of Annex I.

SUNSET PROVISION

5. Please provide comments on the sunset provision discussed in paragraphs 29 to 32 of Annex I, especially the proposed seven year period for the fee reductions to apply to university applicants.

OTHER SUGGESTIONS

6. If you have any other suggestions regarding the implementation of fee reductions for university applicants, please provide them below.

[End of Annex II and of Circular]