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## WORLD INTELLECTUAL PROPERTY ORGANIZATION

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# BIRPI

### ADMINISTRATIVE BODIES OF WIPO AND OF THE UNIONS ADMINISTERED BY WIPO AND BIRPI

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SPECIAL CONTRIBUTIONS TO THE  
PATENT COOPERATION TREATY PROGRAM

Report by the Director of BIRPI

#### SUMMARY

This document describes the program of the International Bureau for 1971 as far as the Patent Cooperation Treaty (PCT) is concerned; estimates the amount of the expenses that such program would entail in 1971 (US \$200,000); and suggests the amounts of the special contributions which the 39 States where the highest number of applications originates or is filed would pay in 1971 to the International Bureau to cover the cost of the said program.

This document is a revised version of document AB/I/11 dated March 4, 1970, which it replaces. The revision is based on the conclusions of the first session of the Patent Cooperation Treaty Financing Working Group (Washington, June 15 and 19, 1970).

## Introduction

1. The present report is a revised version of the report contained in document AB/I/11, dated March 4, 1970. Since the date of that report, the Patent Cooperation Treaty was adopted and the Patent Cooperation Treaty Financing Working Group (hereinafter referred to as "the Working Group") held its first session at Washington on June 15 and 19, 1970. The Working Group considered the March 4, 1970, version of this report. The differences between that version and the present version are due to the conclusions of the Working Group. The present version replaces the document dated March 4, 1970.

2. The members of the Working Group, it is recalled, are Germany (Federal Republic), Japan, the Netherlands, the Soviet Union, Sweden, Switzerland, the United Kingdom, and the United States of America.

## Program and Expenses in 1971 as to the Patent Cooperation Treaty

3. The Patent Cooperation Treaty was adopted and opened for signature on June 19, 1970. It remains open for signature until December 31, 1970. Its entry into force requires ratification or accession by at least eight States. It will become operational six months after its entry into force. It was the prevailing view of the Working Group that the Treaty would probably not enter into force until 1974 or 1975.

4. It is proposed that preparations for the entry into force of the Treaty continue in 1971. Without a close examination by the prospective International Searching and Preliminary Examining Authorities and the International Bureau, the amount of the preparatory work cannot yet be forecast with any degree of accuracy. It is, however, evident that preparations will require a great amount of work spread over several years. It is proposed that during 1971 a substantial effort be made so that time should not prove to be too short if the Treaty were to enter into force as early as 1974 and so that, by the end of 1971, a clearer picture should emerge of the total amount of the preparatory work. The latter would allow the national Offices to organize their preparations so as to be ready to assume the role of receiving Offices and designated (elected) Offices and, where applicable, International Searching or Preliminary Examining Authorities.

It would allow the International Patent Institute and the International Bureau to do the same as far as their tasks under the Patent Cooperation Treaty are concerned. Finally, it would allow for increased coordination of the interlocking problems of the administration of that Treaty and the planned European Patent Conventions.

5. As far as the International Bureau is concerned, the two main tasks involved in the preparatory work and which are to be carried out in 1971 would be the following:

(a) Advancing to a fair degree in a survey on the existing documentation in the prospective International Searching and Preliminary Examining Authorities; organizing meetings among the representatives of such Authorities to coordinate their efforts to improve their documentation, to establish close collaboration among them in order to avoid unnecessary duplication of efforts and intensify mutual assistance in the field of documentation, and to standardize to the maximum degree possible their methods of classification, retrieval and use of documentation.

(b) Preparing and convening the first meetings of the three Interim Committees (for Technical Assistance, for Technical Cooperation, for Administrative Questions) whose establishment has been recommended by the Washington Diplomatic Conference on the Patent Cooperation Treaty (see document AB/I/18), and serving as secretariat of those Committees.

6. The following tasks would be attended to in 1971 by the International Bureau only to the extent that they are required for the carrying out of the tasks referred to in paragraph 5 or that they are a byproduct of those tasks, involving no significant additional effort:

(a) Assembling material for the preparation of drafts of the Administrative Instructions referred to in Article 58(4) of the Treaty.

(b) Revising or preparing sample forms to be used under the PCT Regulations and the future Administrative Instructions.

(c) Assembling material which will be required when the negotiation of the agreements between the International Bureau and the prospective International Searching and Preliminary Examining Authorities (Articles 16(3)(b) and 32(3) of the Treaty) starts.

(d) Revising and bringing up to date the estimates of the number of international applications filed in each member State and the frequency with which each member State will be designated or elected in each international application. Estimates will take into account the impact of the proposed European Patent Conventions.

(e) Revising the estimates of the cost of the tasks to be accomplished under the Patent Cooperation Treaty by the International Bureau.

(f) Bringing up to date the estimates of the savings that use of the Patent Cooperation Treaty will allow applicants and national Patent Offices to make.

(g) Revising the estimates of the amount of the fees to be charged to applicants by the International Bureau so that, after an initial period, operations under the Patent Cooperation Treaty will be self-supporting.

(h) Proposing ways and means to meet the costs until the Treaty is self-supporting.

(i) Providing information and other assistance to States contemplating or accomplishing ratification of or accession to the Treaty.

7. The means proposed for 1971 and their cost are as follows:

(i) It is proposed that the PCT Section of the International Bureau, which (apart from its Head who also has other duties) now consists of five employees, will have six in 1971. Cost: 360,000 Swiss francs. This Section, under the guidance of the Head of the Industrial Property Division and the Director General's Office, and with the assistance of the common services (External and Public Relations Division, Administrative Division, Languages Section, Publications Section, Library), will carry out the tasks referred to in paragraphs 5 and 6.

(ii) The meetings referred to in paragraph 5 are expected to cost 35,000 Swiss francs. This amount includes the cost of interpretation for approximately 30 meeting days if interpretation is in two languages and 20 meeting days if interpretation is in four languages.

(iii) The studies and the interviews with various authorities for the purposes of the survey referred to in paragraph 5(a) will necessitate missions by the staff which will cost 15,000 Swiss francs.

(iv) The International Bureau will occasionally use consultants in some of the studies referred to in paragraph 5, at a cost of 10,000 Swiss francs in contracts (fees) and 5,000 Swiss francs in travel expenses.

(v) The texts adopted by the Washington Diplomatic Conference will be printed in 1971 at a cost of 12,000 Swiss francs.

8. The budget items corresponding to the costs referred to in paragraph 7 total 437,000 Swiss francs (see document AB/I/7, paragraph 63).

9. To that amount, 381,000 Swiss francs must be added as the share of the PCT program in the expenses of the common services of the International Bureau. They consist of the following items (amounts are indicated in Swiss francs):

(i) Participation in the staff costs of the Director General's Office (6% or 45,000 francs), of the Industrial Property Division (15% or 117,000 francs), of the External and Public Relations Division (6% or 25,000 francs), of the Administrative Division (2% or 12,000 francs), of the Finance Section (1% or 6,000 francs), of the Registry (2% or 14,000 francs), of the Languages Section (7% or 18,000 francs), of the Publications Section (7% or 10,000 francs), of the Library (6% or 9,000 francs), and in the social charges (10% or 62,000 francs); see document AB/I/7, items DC.1, 2, 7 to 14; total: 318,000

(ii) Participation in the printing costs of the periodicals "Industrial Property" and "La Propriété industrielle" (3% or 3,000 francs), some general publications (minimum, i.e., 1,000 francs), and the periodical "La Propiedad Intelectual" (minimum, i.e., 1,000 francs); see document AB/I/7, items DC.4, 16, 17; total: 5,000

(iii) Participation in the cost of contracts for translations of the said periodicals (3% or 1,000 francs) and for studies with a view to the construction of a new building (4% or 1,000 francs); see document AB/I/7, items DC.4, 23; total: 2,000

(iv) Participation in the cost of general missions (travel) (6% or 2,000 francs); see document AB/I/7, item DC.19; total: 2,000

(v) Participation in the cost of the administrative meetings (minimum, i.e., 1,000 francs); see document AB/I/7, item DC.15; total: 1,000

(vi) Participation in the rental (4% or 5,000 francs) and upkeep (4% or 10,000 francs) of premises, in the costs of equipment and supplies (3% or 15,000 francs), postage (2% or 4,000 francs), telephone (10% or 7,000 francs), Library (10% or 4,000 francs) and unforeseen (1% of expected income or 8,000 francs); see document AB/I/7, items DC.21, 22, 24 to 27, 29; total: 53,000

10. The special expenses referred to in paragraphs 7 and 8 (437,000 Swiss francs) and the participation in the general expenses referred to in paragraph 9 (381,000 Swiss francs) total 818,000 Swiss francs or 189,000 US dollars.

#### Income: Special Contributions

11. It is proposed to cover the expenses through special contributions. This was the method used in previous years. The contributions suggested for 1970 amounted to 100,000 US dollars (432,000 Swiss francs) and on the basis of the pledges made the suggested amounts may be expected to be met to the extent of 94%.

12. It is proposed that the total amount of the suggested contributions for 1971 be 200,000 US dollars or 864,000 Swiss francs. This amount is approximately 6% more than the budgeted expenditure (see paragraph 10, above) in order to take into account the possibility that the pledges, as for 1970, will cover only 94% of the suggested contributions.

13. It is to be noted that, whereas in 1970 pledges of services (putting persons at the disposal of the International Bureau) were also accepted, for 1971 pledges of cash would be far more preferable. The reason is that, while the method of working with staff loaned by national Offices was practical and even had some advantages during the preparation of the Treaty, this method would not yield good results during the preparation of the entry into force of the adopted Treaty, a period for which WIPO-BIRPI staff not subject to frequent changes but available during the whole of that time and even thereafter is indispensable.

14. The following method is suggested for determining the contributions to be paid by the various countries as their share in the total of 200,000 US dollars or 864,000 Swiss francs.

15. (a) It is suggested that, subject to the two kinds of adjustments set out in sub paragraphs (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.

16. Applying the principles outlined in paragraph 15, the number of countries contributing to the PCT budget would be 39. The number of "national," "incoming" and "outgoing" applications in 1968, the share in percentages and absolute figures (in US dollars and Swiss francs) are shown in the following table. (This table shows slight differences compared with the table attached to the report of the Working Group since the statistics of Canada have been corrected in the meantime and because the number of contributing countries would, under the new principles, be 39 rather than 36.)



Country (Statistics for 1968)	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% = 1,471,391)	Share for 1971 Expressed in	
						US \$ (100% = \$200,000)	Swiss francs (100% = Sfr. 864,000)
United States	93,471	126,425	26,291	246,187	16.73	33,460	144,548
Germany (Fed. Rep.)	65,422	71,445	31,417	168,284	11.44	22,880	98,842
Japan	96,710	19,078	25,596	141,384	9.61	19,220	83,030
United Kingdom	61,995	37,846	35,284	135,125	9.18	18,360	79,315
Soviet Union	110,428	4,314	3,950	118,692	8.07	16,140	69,725
France	53,656	27,490	36,095	117,241	7.97	15,940	68,861
Canada	31,089	5,035	29,304	65,428	4.45	8,900	38,448
Italy	31,756	10,994	24,152/2	54,826*	3.73	7,460	32,227
Switzerland	19,537	23,801	13,609/2	50,142*	3.41	6,820	29,462
Netherlands	18,897	12,836	16,420	48,153	3.27	6,540	28,253
Sweden	18,080	10,217	13,338	41,635	2.83	5,660	24,451
Australia	16,712	1,803	12,511	31,026	2.11	4,220	18,230
Belgium	17,534	5,260	16,068/2	30,828*	2.10	4,200	18,144
Mexico	14,927	300	11,944	27,171	1.85	3,700	15,984
Austria	12,732	3,689	10,246	26,667	1.81	3,620	15,638
Spain	13,180	1,697	9,388/2	19,571*	1.33	2,660	11,491
Czechoslovakia	8,921	3,549	3,042	15,512	1.05	2,100	9,072
Denmark	6,415	2,946	5,588	14,949	1.02	2,040	8,813
Brazil	8,210	131	5,447	13,788	0.94	1,880	8,122
South Africa	8,583	764	6,191/2	12,442*	0.85	1,700	7,344
Argentina	7,099	288	4,716	12,103	0.82	1,640	7,085
Norway	5,249	1,031	4,262	10,542	0.72	1,440	6,221
Poland	6,516	835	1,931	9,282	0.63	1,260	5,443
Finland	3,779	954	2,821	7,554	0.51	1,020	4,406
New Zealand	3,953	302	2,916	7,171	0.49	980	4,234
Hungary	3,217	1,412	1,662	6,291	0.43	860	3,715

Country (Statistics for 1968)	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% = 1,471,391)	Share for 1971 Expressed in	
						US \$ (100% = \$200,000)	Swiss francs (100% = Sfr 864,000)
Yugoslavia	3,150	226	2,144	5,520	0.38	760	3,283
Rumania	3,153	459	1,140	4,732	0.32	640	2,765
Israel	2,106	606	1,816	4,528	0.31	620	2,678
Luxembourg	2,544	432	2,463/2	4,207*	0.28	560	2,419
Greece	2,531	171	1,208	3,910	0.26	520	2,246
Bulgaria	2,221	236	786	3,243	0.22	440	1,901
Ireland	1,595	216	1,427	3,238	0.22	440	1,901
Portugal	1,399	139	1,304	2,842	0.19	380	1,642
Philippines	1,065	29	1,012	2,106	0.14	280	1,210
Iran	719	5	640	1,364	0.09	180	778
Liechtenstein	**	1,258	**	1,258	0.08	160	691
United Arab. Rep.	657	23	571	1,251	0.08	160	691
Turkey	632	21	545	1,198	0.08	160	691
TOTAL	759,820	378,263	333,308	1,471,391	100.00	200,000	864,000

\* The figures marked with a single asterisk represent the total adjusted according to paragraph 15(c).

\*\* No separate figures since incoming applications go to the Swiss Office.

17. It is suggested that no specific amount be proposed for any country member of the Paris Union which is not among the 39 appearing in the list above, but that the country concerned merely be invited to contribute whatever amount it wishes to contribute.

18. Each country member of the Paris Union is invited to specify and announce (pledge) to the International Bureau its contribution to the cost of PCT activities in the year 1971.

19. Such announcement should be made preferably in a letter addressed to the International Bureau before the administrative meetings which start on September 21, 1970, or orally in the said meetings.

20. The Assembly, the Conference of Representatives, and the Executive Committee of the Paris Union are invited to incorporate the list of contributions in a recommendation.

21. The recommendation could be worded as follows:

"The (Assembly) (Conference of Representatives) (Executive Committee) of the International (Paris) Union for the Protection of Industrial Property, in its session held at Geneva in September 1970,

"Considering that the ordinary contributions to the budget of the Paris Union do not allow for the covering of the International Bureau's expenses connected with the work for the preparation of the entry into force of the Patent Cooperation Treaty signed at Washington on June 19, 1970,

"Taking as a basis for estimating each country's potential interest in the said Treaty, the number of applications for patents, inventors' certificates and utility certificates filed in the various countries, the number of such applications filed in foreign countries by the nationals of the various countries, and the number of patent applications received from abroad by the various countries,

"Recommends that the following countries pay the following amounts to the International Bureau as special cash contributions for the year 1971 to cover that Bureau's expenses connected with the work for the preparation of the entry into force of the Patent Cooperation Treaty signed at Washington on June 19, 1970: ... [here would follow the list of the countries and the amounts of the contributions of each, possibly as indicated in paragraph 16];

"Recommends further that any country not named in the preceding paragraph contribute for the said purposes whatever amount it wishes to contribute."

[End of document AB/I/11.Rev.]