

Column No.18

## ON CHANGES TO THE USPTO FEES

Background for the USPTO to be authorized to set Official Fees

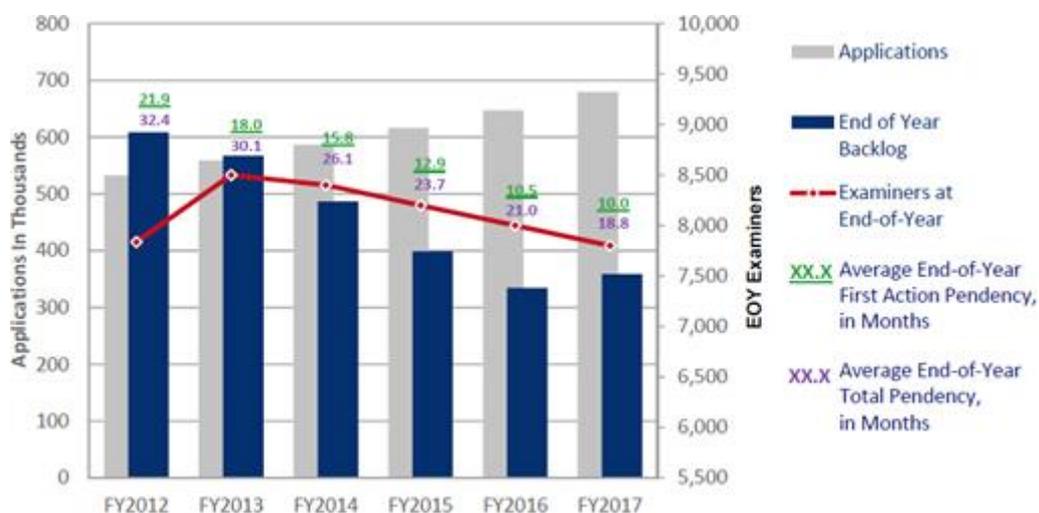
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The recent revision of the American Invents Act (AIA) has made many changes to U. S. Patent Law. It will take time for not only many applicants and US patent practitioners but also the staff of the USPTO to get used to the changes. In Section 10 of the AIA were added and enforced some changes that result in providing the PTO with broad authority to set fees. It is expected that this can cover all of the official fees of the PTO likely to increase hereafter. Meanwhile, fees have been increased in many items since March 19, 2013, some of which underwent a considerable increase in expenses. We would like to discuss this matter as well as its background.

## Increasing Patent Application

The number of patent applications filed with the USPTO in 2012 exceeded 500,000 cases; the average period of time for the first office actions to be issued to them is 21.9 months; and the total pending period is 32.4 months. The number of patent applications is surprisingly anticipated to reach nearly 700,000 cases in 2017. Against the processing of the increasing number of patent applications, the USPTO sets a goal of shortening the period up to the first Office Action to 10 months.



## **Two Overriding Principles**

The USPTO justifies an increase in the Official fees, based on the following "two overriding principles."

One is a necessary increase in human resources to address the backlog and pendency hours in the Office in recent years. As mentioned above, it becomes necessary to secure top-class examiners who can cope with increasingly complicated and sophisticated technology for issuing a first Office Action in an average of 10 months from filing an application. As a government office, it is also necessary to consider measures for lowering the unemployment rate in the U. S. A.

The other is to establish "a more sustainable funding model than in the past to avoid disruptions caused by fluctuations in the economy."

The USPTO has now gone on a large hiring binge, taking advantage of sufficient funds owing to the increase in the Official fees. In particular, the Patent Trial and Appeal Board (PTAB) hired many examiners mainly from patent lawyers living in Washington, DC, who have extensive business experiences. This renders each of systems of opposition, inter partes review, misappropriated application procedure, which were set up under the AIA, safely enforceable. In addition, the USPTO has recently opened up satellite offices in such cities as Detroit, Michigan; Denver, Colorado; Dallas, Texas; and Silicon Valley, California, besides Washington, DC, so that it is considered to contribute not only to shortening of the pendency hours in the Office, but also to coping with the increasingly complicated and advancing technology as well as the lowering of unemployment in the U. S. A. by locating satellite offices in the urban areas each with a specific technical feature (e.g., Silicon Valley - Semiconductors, Detroit - Automotive).

As mentioned above, the present fee increase is considered mainly to cover the extra expenses associated with the hiring of the USPTO's staff. In the following, reference is made to typical fees to be incurred when a large entity filed a patent application. Please note that here the Official fees will be reduced to half when an applicant falls under a certain small entity such as a small and medium-sized enterprise, an independent inventor or the like. Please also note that the Official fees will be reduced to one-quarter when an applicant meets the requirements of a micro-entity, which is based on several different factors (discussed in a later portion of this article).

## Revision of Major Fees

### 1) RCE Fees

Heretofore, the RCE fees were uniformly \$1,010 regardless of the number of RCEs. However, the present revision will cause a huge fee increase up to \$1200 for a first RCE request, to \$1700 for second and subsequent RCE requests in an application. It is conceivable that this increase in the Official fees may increase the number of applicants who hesitate to request RCEs, and thus more applications will go abandoned. On the other hand, when a continuation application is filed, the USPTO basic application fee is \$1600, but filing of another document such as an oath will be necessitated, as the case may be. The applicant may agonize over which way to choose, the RCE or a continuation application.

### 2) Appeal Fees

The appeal fee has been changed from \$630 to \$800. The appeal brief fee of \$630 required thereafter is now zero dollars. Instead, if decided to proceed to a trial, \$2,000 as a forwarding fee would be due after the Examiner's Answer is mailed. Therefore, applicants are recommended to contact the Examiner after filing an appeal brief to see if a compromise can be made with respect to obtaining allowance of an application before forwarding the application to the Patent Trial and Appeal Board (PTAB).

With the forwarding fee, the total appeal fee has soared from \$1,260 to \$2,800 as a basic fee. Incidentally, a request for oral hearing costs \$1,300.

### 3) Issue Fees and Maintenance Fees

The issue fee now totals \$1,780, which is a slight increase from the previous amount of \$1,740. The maintenance fees increased as shown in the table below. Particularly, the 11.5 year maintenance fee is now \$7,400, which is a 54% increase. A patent owner should, therefore, determine whether or not his patent is worth this amount, when paying the annuity. A bit of good news is that issue fees paid after January 1, 2014, will be dropped to \$960 from \$1,740.

Maintenance Fee (for large entity)	Former Official Fee	New Official Fee	Rate of Increase
3.5 year	\$1,150	\$1,600	39%
7.5 year	\$2,900	\$3,600	24%
11.5 year	\$4,810	\$7,400	54%

Prepared by extracting from the USPTO web pages

#### **4) Patent Application Filing Fees**

The patent application filing fees have been changed from the previous amount of \$1,260 to \$1,600, which includes:

- 1) basic filing fee of \$280;
- 2) patent search fee of \$600; and examination fee of \$720).

Thus, the filing fees have increased 27%.

#### **5) Micro Entity**

In the case of a micro entity, a certain amount of fees for the USPTO is reduced 75% (50% for a small entity). The requirement to qualify as a micro entity is: i) to be qualified as a small entity; ii) to be an inventor not having filed more than four previous patent applications; having an income of less than three times the median U. S. household income; and iv) not having assigned or concluded any agreement to assign the application to an entity having an income exceeding three times the median U. S. household income. The median U. S. household income in 2012 is approximately \$50,056. This provision was newly established by the amendment to the AIA and has been enforced as from September 16, 2012.

Conclusion: The amendment generally results in increase of the Official fee, which are not good news for applicants and patent owners. Meanwhile, for inventors who can meet the micro entity requirements, the 75% reduction is good news. Since the issue fee will be reduced as from January 1, 2014, we recommend that you pay the issue fee later than the date, if possible.

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Washington, D. C.-based U. S. law office, which extensively supports Japanese clients' U. S. patent applications, based on the tie-up agreement with Miyoshi & Miyoshi. With many Japanese assistants included, communication in Japanese is available.