

REPORT

USPTO PROPOSES AIA-BASED PATENT FEE CHANGES

September 14, 2012

As noted in our September 6 Special Report regarding the upcoming October 5 fee increase, the U.S. Patent and Trademark Office (USPTO) has announced that it will also revise its present fee structure under the America Invents Act (AIA). The new fee structure is planned to go into effect by March of 2013. The USPTO's proposed fee schedule is set forth in the attached Table of Patent Fee Changes. We expect the final fees to be published in January.

The proposed fees are not final, and thus are subject to change. However, in view of the volume of public commentary previously provided to the USPTO with respect to its previously proposed fee schedule, we do not expect to see substantial changes from the current proposed fees when the final fees are published. Once the final fees are published, an intervening period of at least 45 days is required before they become effective.¹ Thus, we recommend beginning to plan for these or very similar fee changes to come into effect by February or March of 2013.

¹ The USPTO has indicated that this period may be 30 days, but we believe the AIA statute prohibits any such shortening, and will point that out in comments to the USPTO.

I. Proposed Fee Changes

Similar to the previously proposed fee schedule (discussed in our February 9, 2012 Special Report), the proposed fee structure reduces the cost of obtaining a patent if applicants simplify the work of the USPTO. However, it increases costs for activities the USPTO wants to discourage. It also increases costs that relate to more valuable patents.

For example, if an application is filed and prosecuted to avoid any additional fees (e.g., avoiding excess claims, extensions of time, appeals, RCEs, etc.), the proposed changes to the filing and issue fees combined will decrease the government fees to obtain a patent by 22% relative to the current fee schedule. However, adding even a few extra independent claims will result in increased patenting fees. Maintenance fees are dramatically increased, as they generally involve more commercially valuable patents.

Some of the more significant proposed changes are listed below (fee amounts are provided for large entity fees only). The amount of change set forth below is based on current fees, which will increase by about 1.7% on October 5.

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A. Increased Fees

- 28% increase in minimum fees for filing a utility patent application (basic, search and examination fees) (from \$1,250 to \$1,600);²
- 33% increase in the fee for each claim in excess of 20 (from \$60 to \$80);
- 68% increase in the fee for each independent claim in excess of 3 (from \$250 to \$420);
- 73% increase in the fee for presenting multiple dependent claims (from \$450 to \$780);
- 29% increase in the fee for each 50 sheets in an application in which the specification and drawings exceed 100 sheets of paper (from \$310 to \$400);
- 43% increase in the minimum fees for filing a design patent application (from \$530 to \$760);
- 33% increase in the fee for filing a first Petition for one-month Extension of Time (from \$150 to \$200);
- 29% increase in the fee for filing a *first* Request for Continued Examination (RCE) (from \$930 to \$1,200);
- 83% increase in the fee for filing a *second or subsequent* RCE (from \$930 to \$1,700);
- 73% overall increase in fees for appealing rejections to the Patent Trial and Appeal Board (PTAB), which includes a \$380 increase in the fee paid with a Notice of Appeal (from \$620 to \$1,000), elimination of the \$620 fee paid when submitting an Appeal Brief, a new Appeal Forwarding Fee (\$2,000) to forward the appeal file — containing the Appellant's Brief, the Examiner's Answer and any Reply Brief — to the PTAB for review, and a \$60 increase (from \$1,240 to \$1,300) in the optional oral hearing request fee;
- 42% increase in the first Maintenance Fee due at 3.5 years (from \$1,130 to \$1,600);
- 26% increase in the second Maintenance Fee due at 7.5 years (from \$2,850 to \$3,600); and
- 56% increase in the third Maintenance Fee due at 11.5 years (from \$4,730 to \$7,400);

B. Decreased Fees

- 53% decrease in the combined Issue and Publication Fees effective January 1, 2014 (from \$2,040 to \$960);
- 100% decrease, effective January 1, 2014, in the fee amount (from \$40 to \$0) for electronically submitting an assignment for recordation;

² Similar increases apply to PCT U.S. National Phase filing fees.

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- 15% decrease in the fee for *ex parte* reexamination (from \$17,750 to \$15,000);
- 14% decrease in the fee for Processing and Treating a Request for Supplemental Examination (from \$5,140 to \$4,400), and 16% decrease in the fee for conducting an *ex parte* reexamination ordered as a result of the Supplemental Examination (from \$16,120 to \$13,600);
- 15% effective decrease (from \$27,200 to \$23,000) for Inter Partes Review in view of a new fee (\$9,000) for an Inter Partes Review Request directed to up to 20 claims (plus a per claim fee of \$200 for each claim in excess of 20), and a new Inter Partes Review Post Institution Fee (\$14,000) for up to 15 claims (plus a per claim fee of \$400 for each claim in excess of 15);
- 16% effective decrease (from \$35,800 to \$30,000) for Post Grant Review (including covered business method post grant review) fees in view of a new fee (\$12,000) for a Post Grant Review Request directed to up to 20 claims (plus a per claim fee of \$250 for each claim in excess of 20), and a new Post Grant Review Post Institution Fee (\$18,000) for up to 15 claims (plus a per claim fee of \$550 for each claim in excess of 15); and
- 17% decrease in the fee for requesting prioritized examination (from \$4,800 to \$4,000).

C. New Fees and Discounts

- Establishment of "micro entity" fees (75% discount as compared to the "small entity" 50% discount) for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents;³
- Small and micro entity discounts on fees for submission of certain Information Disclosure Statements (from \$180 to \$90 and \$45, respectively);
- A new fee (\$1,000) for correction of inventorship in an application after the first Office Action on the merits;
- A new fee (\$400) for filing a Derivation Petition to initiate a derivation proceeding; and
- A new fee (\$400) for a written request for access to a settlement agreement from an interference, Post Grant Review, or Inter Partes Review.

For other proposed fee changes, please see the attached Table of Patent Fee Changes.

³ The definition of "micro entity" is discussed in the USPTO's May 30, 2012 Notice of Proposed Rulemaking on the micro entity provisions of the AIA, but that definition has not yet been finalized. Further information regarding the definition of "micro entity" may also be found in Section II(C) of our November 22, 2011 Special Report, "Updated Analysis of America Invents Act (AIA)."

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II. Recommendations

In the upcoming months, and certainly after the final fees are published (and the effective date of the new fees is established), we recommend the following:

(1) Identify any patents for which maintenance fees may be paid before the effective date of the new fees. Determine for each such patent whether it would be beneficial to pay the maintenance fee before the new fees are in place in order to avoid the anticipated substantial increase in maintenance fees.

(2) Identify any new applications that may be filed within the coming months. Determine for each such application whether it would be beneficial to file the new application before the new fees are in place. For example, filing an application before the fee change will provide a lower filing fee, and that application may eventually also get the benefit of the reduced issue fee.

(3) In making this determination, applicants should consider whether the difference in the fees would outweigh the implications of prosecuting an application under the different laws and rules that will be in place before and after March 16, 2013. Namely, filing the application before both the fee change and March 16, 2013 will likely be less expensive and will result in the application being examined under the current first-to-invent system. Filing the application after both the fee change and March 16, 2013 will likely be more expensive and may or may not result in the application being examined under the new first-inventor-to-file system, in which the universe of prior art is generally much larger, but will not include certain types of prior art.

(4) Identify any pending applications with outstanding USPTO due dates that fall near the effective date of the new fees in which government fees (for extensions of time, Appeals, RCEs, excess claims, Issue and Publication, etc.) may be incurred. Determine for each such application whether it would be beneficial to submit the USPTO filing either before or after the new fees are in place.

For example, effective January 1, 2014, the Issue and Publication fees are anticipated to decrease to \$960. The current USPTO proposal appears to place no other restriction on the applicability of this reduced fee. Accordingly, if the three month window for paying the Issue and Publication fees extends after January 1, 2014, savings can be achieved by paying the Issue and Publication fees after January 1, 2014. Otherwise, because most patent fees are likely to increase, savings can be achieved by submitting other USPTO filings such as Notices of Appeal or RCEs before the effective date of the new fees.

(5) Identify any patents in which post grant proceedings (Post-Grant Review, Inter Partes Review, Ex Parte Reexamination, Supplemental Examination) are under consideration and may be initiated on either side of the effective date of the new fees. Determine for each such patent whether there would be any detriment to wait to initiate such proceedings until after the new lower fees are in place.

(6) If applicable, identify any applications or patents in which the applicant(s) may be entitled to pay fees at a micro entity rate. As shown in the attached Table, micro entity fees will be half of the current small entity fees. Thus, savings can be achieved by micro entities by postponing payment of the subject fees until after the effective date of the new fees.

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We will provide more recommendations when the final fees are published. In the interim, please let us know if you have any questions regarding any of the topics discussed above, or if you would like us to submit comments regarding the proposed fees to the USPTO on your behalf.

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