

UNITED STATES
PATENT AND TRADEMARK OFFICE

September 2016



Patent Fee Proposal

Notice of Proposed Rulemaking:
At-a-Glance



Overview

- Section 10 of the Leahy-Smith America Invents Act (AIA) authorizes the United States Patent and Trademark Office (USPTO) to, in part, “set or adjust by rule any fee established, authorized, or charged” under Title 35 of the United States Code provided that the aggregate patent fee revenue equals the aggregate estimated cost of patent operations, including administrative costs. The USPTO first used AIA fee setting authority to set patent fees in FY 2013.
- Following the initial AIA patent fee setting, the USPTO now proposes to set and adjust patent fees using AIA authority to recover the aggregate estimated cost of the patent operation and USPTO administrative services that support patent operations.
- In keeping with the AIA fee setting process and USPTO policy, the Office conducted a comprehensive biennial fee review in FY 2015 to assess the effectiveness of the existing fee schedule. From the fee review, the Office developed several fee change proposals, which were consolidated and presented to the Patent Public Advisory Committee (PPAC) in October 2015 as an initial fee setting proposal. The PPAC conducted a hearing in November 2015 and accepted public comments before preparing a written report in response to the initial proposal. The Office considered the PPAC report (released in February 2016) when it developed the notice of proposed rulemaking (NPRM).
- The Office plans to issue a final rule in 2017 following a review of comments received during the public comment period.

Fee Setting Goals and Objectives

- The goal of fee setting at the USPTO is to provide sufficient financial resources to facilitate the effective administration of the United States intellectual property system.
- The Office leadership reviewed and analyzed fee change proposals for their alignment to the *USPTO 2014 – 2018 Strategic Plan* goals and the USPTO's Fee Structure Philosophy, initially introduced during the 2013 fee setting process.
- The fee setting proposal in the NPRM is directly aligned to the following Strategic Plan goals:
 - Goal I: Optimize Patent Quality and Timeliness
 - Goal II: Pursue Global IP Policy Protection and Enforcement
 - Management Goal: Achieve Organizational Excellence
- The Fee Structure Philosophy has four objectives or fee setting policy factors:
 - Promote innovation strategies
 - Align fees with the full cost of products and services
 - Set fees to facilitate the effective administration of the patent system
 - Offer application processing options

Rulemaking Outcomes

With the proposed fee schedule, the Office aims to:

- Continue progress towards the goals and objectives of the *USPTO FY 2014 – 2018 Strategic Plan*
- Maintain the current trajectory to reach target pendency and backlog levels
- Maintain momentum for ongoing quality initiatives like the Enhanced Patent Quality Initiative (EPQI), which has already garnered significant public feedback and resulted in the establishment of 11 quality-focused programs
- Advance Patents End-to-End (PE2E), a technology solution that enables a new way of processing patent applications using a single software platform to manage examination activities and integrate with existing systems via integrated user-oriented tools that help examiners act on applications
- Support the Patent Trial and Appeal Board's (PTAB) continued efforts to recruit and hire the appropriate level of judicial, legal, and support staff to deliver high quality and timely decisions, particularly for AIA trials and reexamination and ex parte appeals
- Achieve a minimum operating reserve balance in FY 2017 and work towards an optimal reserve balance by FY 2021

Proposed Patent Fee Adjustments

Proposed Fee Structure Changes

The USPTO proposes to set or adjust the fees contained in the “Table of Patent Fees—Current, Proposed and Unit Cost.” The more notable changes impact the following categories of fees:

- Basic Filing, Search, Examination and Issue Fees (Utility and Design)
- Excess Claims
- Information Disclosure Statements (IDS)
- Request for Continued Examination (RCE)
- PTAB: Appeal, Inter-Partes Review (IPR), Post-Grant Review (PGR), and Covered Business Method Review (CBMR)
- Mega Sequence Submissions
- Late Filing of Sequence Listings in an International Application
- Streamlined Re-examinations
- Hague Agreement Fees
- Maintaining Multiple Reissue Patents
- Office of Enrollment and Discipline Fees
- Service Fees

Proposed Fee Structure for a Utility Patent – Compared to Current Large Entity Fee Rates

- The fees to obtain a utility patent (file/search/exam and issue) are proposed to increase slightly while remaining significantly below cost to foster innovation and access to the intellectual property protection system.
- Small and micro entity discounts remain for eligible applicants.
- Maintenance fee rates are proposed to remain unchanged for all three stages.
- Additional revenue generated from the proposed increase will support continued improvements in patent examination quality, backlog reduction, and compact prosecution.

Fee	Current Large Entity Fee Rate	Proposed Large Entity Fee Rate	Percent Change	FY 2015 Unit Cost
Utility Filing Fee	\$280	\$300	7%	\$277
Utility Search Fee	\$600	\$660	10%	\$1,773
Utility Examination Fee	\$720	\$760	6%	\$2,205
Utility Issue Fee	\$960	\$1,000	4%	\$314
Total	\$2,560	\$2,720	6%	\$4,569

Proposed Fee Structure for a Design Patent – Compared to Current Large Entity Fee Rates

- The fees to obtain a design patent (file/search/exam and issue) are proposed to increase slightly beyond cost recovery for large entities to subsidize small and micro entity applicants.
- At the aggregate level, the Office does not fully recover the costs incurred to process design applications.
- Design filings do not pay maintenance fees, and the majority of design applicants are eligible for small and micro entity fee reductions.
- The Office proposes moderate front-end fee increases to more closely align fee rates to costs given the lack of a back-end subsidy and the frequency of fee reductions for this filing type.
- In response to feedback from the Patent Public Advisory Committee (PPAC) and public, the USPTO reduced the proposed increase to the design issue fee by \$200 for large entities.

Fee	Current Large Entity Fee Rate	Proposed Large Entity Fee Rate	Percent Change	FY 2015 Unit Cost
Design Filing Fee	\$180	\$200	11%	\$277
Design Search Fee	\$120	\$160	33%	\$397
Design Examination Fee	\$460	\$600	30%	\$608
Design Issue Fee	\$560	\$800	43%	\$314
Total	\$1,320	\$1,760	33%	\$1,596

Proposed Fee Structure for Excess Claims – Compared to Current Large Entity Fee Rates

- The Office proposes to increase excess claims fees for utility, plant, and reissue applications as well as reexamination and Patent Cooperation Treaty applications.
- The Office does not capture unit cost data for these services. Rather, revenue from these fees supports the front-end subsidies built into the fee rates for filing, search, and examination.
- In its report, the PPAC expressed opposition to the proposed fee rates and recommended a refund system in which excess claim fees are returned to applicants when claims are cancelled in response to a restriction requirement. Under this proposal, an applicant would only incur fees for the claims that are actually examined, not just filed.
- In response, the USPTO has committed to undertaking a study to determine the feasibility of the refund program that PPAC recommends.

Fee	Current Large Entity Fee Rate	Proposed Large Entity Fee Rate	Percent Change
Each Independent Claim in Excess of Three	\$420	\$460	10%
Each Claim in Excess of 20	\$80	\$100	25%
Multiple Dependent Claim	\$780	\$820	5%

Proposed Fee Structure for IDS – Compared to Current Large Entity Fee Rates

- In its initial proposal to the PPAC, the Office proposed to eliminate the certification requirement (under 37 C.F.R. 1.97 (e)).
- The PPAC noted that the process change and proposed fee increase could discourage applicants from filing promptly when new prior art is discovered.
- In response to PPAC and public comments, the USPTO has eliminated the proposed changes to IDS practice and instead proposes a moderate increase to the IDS submission fee rate to help defray aggregate costs towards meeting strategic goals.

Fee	Current Large Entity Fee Rate	Proposed Large Entity Fee Rate	Percent Change
Submission of an Information Disclosure Statement after First Action on the Merits (FAOM), before Notice of Allowance	\$180	\$240	33%

Proposed Fee Structure for RCEs – Compared to Current Large Entity Fee Rates

- RCE fees are proposed to increase.
- The proposed increases to RCE fees would more closely align the fee rates with the cost of processing an RCE, as calculated using the most recently available cost data (FY 2015).
- The fee for the first RCE request is still below its unit cost, while the fee for a 2nd and subsequent RCE is slightly above its unit cost.

Fee	Current Large Entity Fee Rate	Proposed Large Entity Fee Rate	Percent Change	FY 2015 Unit Cost
Request for Continued Examination (RCE) - 1st Request (see 37 CFR 1.114)	\$1,200	\$1,300	8%	\$2,187
Request for Continued Examination (RCE) - 2nd and Subsequent Request (see 37 CFR 1.114)	\$1,700	\$1,900	12%	\$1,540

- In its report, the PPAC questioned whether the proposed fee increases are warranted and suggested instead that the USPTO consider ways to reduce pendency and the need for RCEs.
- In response to concerns raised, the Office reduced the fee proposals for both RCE fees. While the revised proposal will not achieve full cost recovery for RCEs, it will bring collections closer to cost and therefore reduce the subsidy for RCE filings currently provided by other patent fees. In addition to the fee adjustments, the USPTO remains focused on initiatives aimed at reducing the need for RCEs.

Proposed Fee Structure for Appeals – Compared to Current Large Entity Fee Rates

- The proposed appeal fee increases aim to better align fees with costs and allow continued progress on reducing the backlog of ex parte appeals.
- In its report, the PPAC stated that the substantial proposed increase to the notice of appeal and appeal forwarding fees would likely result in discouraging patent holders' invocation of appeal procedures, which are frequently used out of necessity rather than choice.
- In response, the Office expresses that even with the proposed fee increases, fees do not fully recover costs. In FY 2015, ex parte appeal fees covered approximately 58% of the cost per appeal. The proposed fee increase results in a cost recovery of 72% per appeal.
- Since the initial AIA patent fee rulemaking in 2013, ex parte appeal fees have enabled the PTAB to hire more judges and greatly reduce the appeals backlog, from nearly 27,000 in 2012 to under 20,000 in FY 2015. Additional fee revenue will support further backlog and pendency reductions.

Fee	Current Large Entity Fee Rate	Proposed Large Entity Fee Rate	Percent Change	FY 2015 Unit Cost
Notice of Appeal	\$800	\$1,000	25%	\$45
Forwarding an Appeal in an Application or Ex Parte Reexamination Proceeding to the Board	\$2,000	\$2,500	25%	\$4,815

Proposed Fee Structure for IPRs, PGRs, and CBMs – Compared to Current Fee Rates

- The Office proposes to increase trial fees.
- When the Office first set these fees using AIA authority in 2012, there was limited information to inform fee setting. Now, the Office has two years of historical cost data to inform revised fee rate proposals.
- The proposed increases aim to better align fees with cost and aid the PTAB to continue to meet required AIA deadlines. Still, compared to their FY 2015 unit cost, all of the trial fees remain below cost.
- The PPAC report specifically expressed support for fee adjustments for trial proceedings so that the PTAB has adequate resources to accomplish its mission.

Fee	Current Fee Rate	Proposed Fee Rate	Percent Change	FY 2015 Unit Cost
Inter Partes Review Request Fee - Up to 20 Claims	\$9,000	\$14,000	56%	\$22,165
Inter Partes Review Post-Institution Fee - Up to 15 Claims	\$14,000	\$16,500	18%	\$12,674
Post-Grant or Covered Business Method Review Request Fee - Up to 20 Claims	\$12,000	\$16,000	33%	\$16,213
Post-Grant or Covered Business Method Review Post-Institution Fee - Up to 15 Claims	\$18,000	\$22,000	22%	\$23,060

Newly Proposed Patent Fees

Mega Sequence Submissions

- The Office proposes two new fees aimed at dissuading applicants from submitting unnecessary large sequence listings that put undue burden on the Office's information systems.
- Based on historical data, the Office expects less than 10 applications per year will be subject to these fees.

Fee	Proposed Large Entity Fee Rate
Submission of sequence listings of 300MB to 800MB	\$1,000
Submission of sequence listings of more than 800 MB	\$10,000

Late Filing of Sequence Listings in an International Application

- This is a newly proposed fee established pursuant to PCT Rule 13*ter*.1(c) and is similar in purpose and rate as that charged by other international intellectual property agencies.
- Additional information regarding the authority and purpose of this rule is available from the World Intellectual Property Organization (WIPO).

Fee	Proposed Large Entity Fee Rate
Late Filing of Sequence Listing	\$300

Newly Proposed Patent Fees (continued)

Streamlined Reexamination

- The Office proposes a new fee for a smaller, streamlined request for reexamination. This fee is half the rate of the existing request for reexamination (\$12,000) and maintains the small and micro entity discounts.
- A streamlined application reduces the cost to the USPTO, which allows the Office to pass on the cost savings to applicants.

Fee	Proposed Large Entity Fee Rate
Ex Parte Reexamination (\$1.510(a)) Streamlined	\$6,000

Hague Agreement Fees

- The Office proposes to reset the international design application transmittal fee to provide small and micro entity discounts using AIA authority.
- The proposed fee rate for large entities remains the same.

Fee	Proposed Large Entity Fee Rate
Hague International Design Application Fees - Transmittal Fee	\$120

Maintaining Multiple Reissue Patents

- The Office proposes no change in fee rates. However, the Office proposes to change procedures such that maintenance fees shall be paid for each reissued patent.

Newly Proposed OED Fees

Office of Enrollment and Discipline Fees

- The Office proposes several new OED fees aimed at better aligning fees with costs, streamlining administrative processes, encouraging self-service options, and promoting compliance.
- The PPAC raised concerns about the disciplinary proceeding fee and the ability for exonerated practitioners to receive refunds for punitive fees paid.
- In response, the Office clarifies that the processes behind this proposal are already in practice, pursuant to 37 CFR §11.60(d)(2), whereby the OED Director is currently authorized to recover expenses from a disciplined practitioner who seeks reinstatement.
- The proposed fee is only imposed on practitioners who seek reinstatement after having been suspended or excluded. Thus, there should be no concern that a practitioner would be subject to this proposed fee if he or she has been investigated and cleared, or has been disciplined but not suspended or excluded.
- The purpose of proposing this fee is simply to establish a new fee code by which to account for the receipt of these reimbursements.

Fee	Proposed Fee Rate
On Grant of Limited Recognition Under §11.9(b)	\$200
For USPTO-Assisted Recovery of ID or Reset of Password for the Office of Enrollment and Discipline Information System	\$70
For USPTO-Assisted Change of Address Within the Office of Enrollment and Discipline Information System	\$70
For USPTO-Administered Review of Registration Examination	\$450
Disciplinary Proceeding	at cost

Newly Proposed Patent Service Fees

Service Fees

- The Office proposes to set several new service fees to facilitate the effective administration of the patent system.
- These newly proposed fees simplify the fee structure, explicitly state the service and fee to aid with customer decision making, and support the transition to the Office's new financial software for which defined fee rates rather than "at cost" rates are preferred.
- The PPAC report stated concerns about the high fees proposed for the two patent grant copy fees.
- The Office responds by explaining that these services are administratively burdensome, and the USPTO encourages customers to download this information at no cost via distribution channels the Office has had in place since June 2010.

Fee	Proposed Fee Rates
Copy of Patent Grant Single-Page TIFF Images (52 week subscription)	\$10,400
Copy of Patent Grant Full-Text W/Embedded Images, Patent Application Publication Single-Page TIFF Images, or Patent Application Publication Full-Text W/Embedded Images (52 week subscription)	\$5,200
Copy of Patent Technology Monitoring Team (PTMT) Patent Bibliographic Extract and Other DVD (Optical Disc)	\$50
Copy of U.S. Patent Custom Data Extracts	\$100
Copy of Selected Technology Reports, Miscellaneous Technology Areas	\$30
Copy Patent File Wrapper, Paper Medium, Any Number of Sheets	\$280
Copy Patent File Wrapper, Electronic Medium, Any Size or Provided Electronically	\$55
Additional Fee for Overnight Delivery	\$40
Additional Fee for Expedited Service	\$160

Discontinued Fees

- The Office proposes to discontinue several fees not deemed necessary to facilitate the effective administration of the patent system.
- Most of the fees proposed to be discontinued are service fees, and many of them have been replaced with new fees more clearly aligned to specific services.
- Some fees are proposed to be discontinued because they have not been in use for many years.
- Historical cost information is not available for these proposed discontinued fees.

Fee	Current Fee Rates
Self-Service Copy Charge, per Page	\$0.25
Establish Deposit Account	\$10
Uncertified Statement Re Status of Maintenance Fee Payments	\$10
Copy of Patent-Related File Wrapper Contents That Were Submitted and are Stored on Compact Disk or Other Electronic Form (e.g., Compact Disks Stored in Artifact Folder), Other Than as Available in 1.19(b)(1); First Physical Electronic Medium in a Single Order	\$55
Additional Fee for Each Continuing Copy of Patent-Related File Wrapper Contents as Specified in 1.19(b)(2)(i)(A)	\$15
Copy of Patent-Related File Wrapper Contents That Were Submitted and are Stored on Compact Disk, or Other Electronic Form, Other Than as Available in 1.19(b)(1); if Provided Electronically Other Than on a Physical Electronic Medium, per Order	\$55
Petitions for documents in form other than that provided by this part, or in form other than that generally provided by Director, to be decided in accordance with merits.	At cost

Conclusion

Alternatives and Cost-Benefit Analysis

- The Office conducted two analyses as required. The Office analyzed four alternatives for how well they aligned to the Office's rulemaking strategies and goals, which are comprised of strategic priorities (goals, objectives, and initiatives) from the *USPTO 2014-2018 Strategic Plan* (Strategic Plan) and the Office's fee setting policy factors. The four alternatives are: (1) the current NPRM, (2) unit cost recovery, (3) across the board increase, and (4) baseline (current fee schedule).
- The Initial Regulatory Flexibility Analysis (IRFA) finds that the proposed alternative does not impose undue or disproportionate burdens on smaller entities.
- The Regulatory Impact Analysis (RIA) concludes that the overall qualitative benefits to patent applicants, patent holders, other patent stakeholders, and society of the proposed fee schedule are significant, specifically those benefits related to the targeted fee schedule design changes.
- Both analyses found that patent applicants and holders can expect continued progress towards the Office's strategic priorities of quality enhancements and optimizing the timeliness of patent processing (through reductions to backlog and pendency). The proposed fee schedule will also provide the resources the Office estimates are necessary to continue IT improvements as it works to improve operations and the customer experience with the USPTO. Along with these improvements, the proposed schedule will allow the Office to build and maintain a viable operating reserve level that fulfills the need to mitigate operational risk caused by financial resource volatility, i.e., unanticipated funding fluctuations.

Benefits For Stakeholders

In conclusion, implementation of the USPTO fee proposal will benefit the IP community by enabling the USPTO to:

- Continue to enhance the quality of patent examinations via enhanced initiatives based on public feedback during patent quality forums
- Achieve optimal examination times that will facilitate bringing valuable patent assets to market faster and reducing congestion for all other applicants
- Provide more patent prosecution options to enhance applicant choice and agency efficiency
- Align PTAB fees with costs while maintaining high quality and efficient proceedings
- Modernize patent IT systems to increase efficiencies by providing a uniform platform for conducting business with the Office, including registering, entering, and updating information, and paying fees
- Stabilize USPTO operations to deliver quality patent examinations and avoid future patent application backlogs, even in times of financial fluctuations
- Deliver value to fee-paying customers and the public through a streamlined and more cost-based fee schedule
- Recruit and retain the highest quality employees to accomplish the work of the Office

