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# Setting and Adjusting Patent Fees During Fiscal Year 2020

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A Proposed Rule by the [Patent and Trademark Office](#) on 07/31/2019

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07/31/2019 ([/documents/2019/07/31](#))

**Agencies:**

Department of Commerce (<https://www.federalregister.gov/agencies/commerce-department>)  
Patent and Trademark Office (<https://www.federalregister.gov/agencies/patent-and-trademark-office>)

**Dates:**

The Office solicits comments from the public on this proposed rule. Written comments must be received on or before September 30, 2019 to ensure consideration.

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**DOCUMENT STATISTICS****ENHANCED CONTENT****Setting and Adjusting Patent Fees during Fiscal Year 2020**PTO-P-2018-0031 (<https://www.regulations.gov/docket/PTO-P-2018-0031>)

Supporting Documents:

- Small Entity Compliance Guide FY2020 Final Rule (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0066>)
- Table of Patent Fee Adjustments (Final Rule) (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0065>)
- Regulatory Impact Analysis (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0064>)
- Table of Patent Fees - Current, Final Patent Fee Schedule, and Unit Cost (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0063>)
- Final Regulatory Flexibility Act Tables (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0062>)
- Description of Elasticity Estimates (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0061>)
- Aggregate Revenue Tables (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0060>)
- Aggregate Revenue Estimating Methodology (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0059>)
- Activity Based Information and Patent Fee Unit Expense Methodology (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0058>)
- Regulatory Impact Analysis July 2019 (<https://www.regulations.gov/document?D=PTO-P-2018-0031-0011>)

See all 19 supporting documents (<https://www.regulations.gov/docket/PTO-P-2018-0031/document?documentTypes=Supporting%20%26%20Related%20Material>)

**ENHANCED CONTENT****PUBLISHED DOCUMENT**[Start Printed Page 37398](#)**AGENCY:**

United States Patent and Trademark Office, Department of Commerce.

**ACTION:**

Notice of proposed rulemaking.

**SUMMARY:**

The United States Patent and Trademark Office (Office or USPTO) proposes to set or adjust patent fees as authorized by the Leahy-Smith America Invents Act (Act or AIA), as amended by the Study of Underrepresented Classes Chasing Engineering and Science Success Act of 2018 (SUCCESS Act). The USPTO is a business-like operation where the demand for patent products and services and the cost of our operations are affected by external factors, such as the economy, legislation, court decisions, and increases in

the costs of supplies and contract services, as well as internal factors, such as changes in patent examination processes and procedures. The proposed fee adjustments are needed to provide the Office with a sufficient amount of aggregate revenue to recover the aggregate cost of patent operations in future years (based on current projections) and to allow the Office to continue progress towards achieving strategic goals.

## **DATES:**

The Office solicits comments from the public on this proposed rule. Written comments must be received on or before September 30, 2019 to ensure consideration.

## **ADDRESSES:**

Comments should be sent by electronic mail message over the internet addressed to: *fee.setting@uspto.gov* (*mailto:fee.setting@uspto.gov*). Comments may also be submitted by postal mail addressed to: Mail Stop—Office of the Chief Financial Officer, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313–1450, marked to the attention of “Brendan Hourigan.” Comments may also be sent by electronic mail message over the internet via the Federal eRulemaking Portal at *https://www.regulations.gov* (*https://www.regulations.gov*). See the Federal eRulemaking Portal website for additional instructions on providing comments via the Federal eRulemaking Portal.

Although comments may be submitted by postal mail, the Office prefers to receive comments by electronic mail message over the internet, which allows the Office to more easily share comments with the public. Electronic comments are preferred to be submitted in plain text, but also may be submitted in portable document format (PDF) or a word processing format. Comments not submitted electronically should be submitted on paper in a format that facilitates convenient digital scanning into portable document format.

The comments will be available for public inspection via the Office's internet website (*https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting* (*https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting*)) and at *https://www.regulations.gov* (*https://www.regulations.gov*). Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

## **FOR FURTHER INFORMATION CONTACT:**

Brendan Hourigan, Director of the Office of Planning and Budget, by telephone at (571) 272–8966; or Dianne Buie, Office of Planning and Budget, by telephone at (571) 272–6301.

## **SUPPLEMENTARY INFORMATION:**

### **I. Executive Summary**

#### **A. Purpose of This Action**

The Office proposes this rule under section 10 of the AIA (Section 10). Public Law 112–29 (*https://www.govinfo.gov/link/plaw/112/public/29*), 125 Stat. 284, as amended by the SUCCESS Act Public Law 115–273 (*https://www.govinfo.gov/link/plaw/115/public/273*), 132 Stat. 4158, which authorizes the Director of the USPTO to set or adjust by rule any patent fee established, authorized, or charged under title 35 of the United States Code (U.S.C.) for any services performed, or materials furnished, by the Office. Section 10 prescribes that fees may be set or adjusted only to recover the aggregate estimated costs to the

Office for processing, activities, services, and materials relating to patents, including administrative costs of the Office with respect to such patent fees. Section 10 authority includes flexibility to set individual fees in a way that furthers key policy factors, while taking into account the cost of the respective services. Section 10 also establishes certain procedural requirements for setting or adjusting fee regulations, such as public hearings and input from the Patent Public Advisory Committee (PPAC) and congressional oversight.

## B. Summary of Provisions Impacted by This Action

Consistent with Federal fee setting standards, the Office conducted a biennial review of fees, costs, and revenues that began in 2017, and concluded that fee adjustments are necessary to provide the resources needed to improve patent operations, including implementing the USPTO 2018–2022 Strategic Plan (Strategic Plan). As a result, the 295 proposed fee adjustments outlined in this proposed rule align directly with the Office's strategic goals and four key fee setting policy factors, discussed in detail in Part V.

The fee schedule in this proposed rule will recover the aggregate estimated costs of patent operations, including achieving the Office's strategic goals as detailed in the Strategic Plan, available at [https://www.uspto.gov/sites/default/files/documents/USPTO\\_2018-2022\\_Strategic\\_Plan.pdf](https://www.uspto.gov/sites/default/files/documents/USPTO_2018-2022_Strategic_Plan.pdf) ([https://www.uspto.gov/sites/default/files/documents/USPTO\\_2018-2022\\_Strategic\\_Plan.pdf](https://www.uspto.gov/sites/default/files/documents/USPTO_2018-2022_Strategic_Plan.pdf)). The Strategic Plan defines the USPTO's mission, vision, and long-term goals and presents the actions the Office will take to realize those goals. This proposed fee setting rule supports the patent-related strategic goal to optimize patent quality and timeliness, which includes optimizing patent application pendency and examination timeframes, issuing highly reliable patents, fostering innovation through business effectiveness, and enhancing the operations of the Patent Trial and Appeal Board (PTAB). To the extent that the aggregate revenue generated by this rule will be used to pay for all patent-related costs of the USPTO, this proposed rule also supports USPTO's goal to provide domestic and global leadership to improve intellectual property (IP) policy protection and enforcement, as well as the mission support goal to deliver organizational excellence, which includes optimizing speed, quality, and cost-effectiveness of IT delivery to achieve business value and ensuring financial sustainability to facilitate effective USPTO operations. The Office intends to issue a final rule on fee changes in FY 2020 after receipt and analysis of public comments.

During a formal process closely tied to the annual budget process, the USPTO reviewed and analyzed the overall balance between the Office's estimated revenue and costs over the next five years (based on current projections), and also reviewed individual fee changes and new fee proposals to assess their alignment with the Office's strategic goals and fee structure philosophy, both of which aim to provide sufficient financial resources to facilitate the effective administration of patent operations. Specifically, the Office assessed how well each proposal aligned with four key 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 systems, and offer processing options for applicants.

In this proposed rule, the Office proposes to set or adjust 295 patent fees for large, small and micro entities (any reference herein to “large entity” includes all entities other than those that have established entitlement to either a small or micro entity fee discount). The fees for small and micro entity rates are tiered with small entities at a 50 percent discount and micro entities at a 75 percent discount. Small entity fee eligibility is based on the size or certain non-profit status of the applicant's business and that of any other party holding rights in the invention. Micro entity fee eligibility is described in Section 10(g) of the AIA. The Office also proposes introducing 11 new fees and discontinuing three fees.

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Overall, the routine fees to obtain a patent ( *i.e.*, filing, search, examination, and issue fees) will increase under this Notice of Proposed Rulemaking (NPRM) relative to the current fee schedule in order to ensure financial sustainability and accommodate increases needed to improve the predictability and reliability of patent IP protection (which are discussed in detail below). Applicants who meet the definition for small or micro entity discounts will continue to pay a reduced fee for the fees eligible for a discount under Section 10(b). Additional information describing the proposed fee adjustments is included in Part V: Individual Fee Rationale in this rulemaking and in the “Table of Patent Fees—Current, Proposed and Unit Cost” (hereinafter “Table of Patent Fees”) available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>).

As background, Section 10 of the AIA changed the Office's fee setting model and authorized the USPTO to set or adjust patent fees within the regulatory process. Section 10 better equips the Office to respond to changing circumstances. In FY 2013 and FY 2018, the USPTO used the AIA's fee setting authority to achieve key fee setting policy factors—to promote innovation strategies, align fees with the full cost of products and services, set fees to facilitate the effective administration of the patent systems, and offer patent processing options for applicants—and to generate sufficient resources needed to meet the Office's strategic patent priorities. With the additional fees collected as a result of the January 2013 Setting and Adjusting Patent Fees Final Rule (hereinafter “the January 2013 Final Rule”) (78 FR 4212 (/citation/78-FR-4212)) and the January 2018, Setting and Adjusting Patent Fees in Fiscal Year 2017 Final Rule (hereinafter “the January 2018 Final Rule”) (82 FR 52780 (/citation/82-FR-52780)), the Office made considerable progress in reducing backlog and pendency.

Since the development of the USPTO fee schedule currently in effect, a number of the assumptions on which the cost and revenue projections supporting that rulemaking have changed. Notably, since the January 2018 Final Rule was published, (a) USPTO's projected patent examination costs have increased and (b) fee collections have been lower than anticipated due to lower than expected application filings, small declines in maintenance fee renewal rates, and a later than planned implementation of the January 2018 Final Rule. The higher fees proposed in this current rulemaking are needed as the Office continues its efforts towards accomplishing its mission and responding to the demands of both the domestic and international economies for robust and timely IP products and services. The proposed fee adjustments account for both the lower than anticipated revenue being generated under the existing fee schedule and also keeping pace with the rising costs of operations in the future, including growing the operating reserve.

The Office continues its efforts towards accomplishing its mission and responding to the demands of both the domestic and international economies for robust and timely IP products and services. The USPTO must continually challenge itself to reinforce the predictability, reliability, and quality of those IP rights. The Office needs to foster the utmost confidence in the legal durability of its products in order to inspire greater innovation and further economic growth.

The Office's strategic goal to optimize patent quality and timeliness recognizes the importance of innovation as the foundation of American economic growth and national competitiveness. Through this goal, the Office diligently works to balance timely examination with improvements in patent quality; particularly, the reliability of issued patents. One of these improvements is a comprehensive analysis of examination time, known as the Examiner Time Analysis (ETA). The last comprehensive review of examination time was completed over 40 years ago. Since then, significant changes to the examination process have occurred, including the emergence of new, more complex technologies; a growth of available prior art that must be

searched; impacts of new electronic tools on the examination process; the challenges of transitioning to a new patent classification system; and changes in the legal landscape or examination practices. As the USPTO plans for the future, the Office considered how changes such as these impact the amount of time it takes to examine an application.

The USPTO is also working towards improving patent quality by providing increased clarity on patentable subject matter eligibility under section 101 of title 35 U.S.C. (<https://www.govinfo.gov/link/uscode/35/101>) The Office continues to strive to create consistency and increased clarity through this guidance. The Office is also focusing efforts on improving the initial search and availability of the best prior art to examiners. This aspect takes a variety of forms and the Office is working on many possible approaches. Overall, presenting more comprehensive search results to the examiners initially will lead to more efficient examination, a decrease in the information gap between the examination phase and the later challenge or litigation phases during the life of a patent, and increase the reliability of the patent grant overall. Effecting the changes in the examination process needed to ensure the issuance of reliable patents, while also issuing those patents in a timely manner, means recognizing a potential increase in the core operating costs for future years.

Another major component of the overall patent process is the work carried out by the PTAB. On April 24, 2018, the U.S. Supreme Court issued its decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018). Changes related to the SAS decision, along with other implementations, will increase the average cost to conduct each proceeding. These changes are discussed in detail in section V. Individual Fee Rationale.

As a production-oriented entity, the USPTO relies upon IT as a mission-critical enabler for every aspect of its operation. The quality, efficiency, and productivity of patent operations correlate to the performance of IT systems. To accomplish its performance-based strategies, the USPTO continuously engages in multi-year efforts to upgrade its business systems and the IT infrastructure supporting those systems in order to keep pace with emerging business, legislative, and court needs and technology standards. Since the last patent fee setting effort, the USPTO has made significant progress on IT tools, including continued development and implementation of the Patent End-to-End (PE2E) IT capability. For example, the Office continues to work on releasing systems such as Patent Center  which will modernize the transaction systems by combining EFS Web and PAIR in a single interface. The Office has also made progress on the continued development and deployment of the PTAB-End-to-End (PTAB E2E) IT capabilities, which will expand the use of intelligent data to support appeal decisions and process *inter partes* review (IPR) proceedings, post-grant review (PGR) proceedings, covered business method review (CBM) proceedings, and derivation (DER) proceedings. Other IT efforts are underway to stabilize, modernize, or replace the USPTO's legacy systems and aging infrastructure. To this end, the Office is conducting a wholesale review of all technology resources and is in the process of changing over the oldest infrastructure. Consequently, the Office is taking a fresh look at the IT systems from top to bottom. This provides USPTO with the opportunity to fundamentally transform the Office's IT systems with state-of-the art technology.

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The Office invests a considerable amount of resources in IT modernization and stabilization each year, and the FY 2020 Budget does not anticipate that costs will increase beyond levels previously foreseen. However, given updated revenue and spending projections, this proposed fee increase is needed to support continuing IT investments at previously planned levels. Without an increase in USPTO's aggregate revenue, resources available for IT investment will inevitably be curtailed.

Lastly, the USPTO has taken steps to establish and maintain operating reserves to facilitate execution of multi-year plans. Using fee setting authority and other tools, the USPTO continuously refines its multi-year planning and budgeting. The fee setting authority prescribed in the AIA, as amended by the SUCCESS Act, allows the Office to effectively engage the stakeholder community on proposed fee adjustments; fully recover the aggregate costs of its planned operations, including the development and maintenance of sufficient operating reserves; invest in strategic agency initiatives; and respond to changing market needs and other external factors.

Research has shown that large fee-funded, business-like agencies without an operating reserve are at risk of cash flow stress. USPTO's operating reserves enable the Office to mitigate this risk. For instance, earlier in FY 2019, certain federal government departments and agencies, including the Department of Commerce, shut down as a result of a lapse in appropriations. The USPTO received special consideration to remain open using funds available from the operating reserves. This allowed the USPTO to continue operations, thus preventing a significant degradation in services levels, such as patent pendency timeframes. This example provides an ongoing compelling case for the operating reserves' significant value. The USPTO assesses risk annually, and determines the minimum level of reserves necessary to shield core operations against known financial risks. Based on current cost and revenue assumptions, the FY 2020 Budget projects that the USPTO's patent operating reserve will fall well below this minimum level in FY 2019 and FY 2020. Both external factors and internal decisions impacting the spending and revenue projections mentioned above have impacted the Office's ability to grow the operating reserve to the levels anticipated in the January 2018 Final Rule. Absent the proposed fee increase, the USPTO's patent operating reserve will be exhausted by FY 2024, which would leave the Office vulnerable to changes in the economy that reduce annual revenue, government wide fiscal events, unexpected cost increases, and a number of other financial risks.

The USPTO also acutely recognizes that fees cannot simply increase for every improvement the Office deems desirable. The USPTO has a responsibility to stakeholders to pursue strategic opportunities for improvement in an efficient, cost-conscious manner. The Office's Financial Advisory Board (FAB) focuses on financial risk management and determining what expenses are truly necessary. Each year the FAB reviews multiple scenarios to determine what level of fee collections are expected and what the hiring and spending levels should be in order to effectively carry out the Office's mission. The FAB also regularly reviews USPTO activities to identify opportunities for cost savings and resources that can be redirected to higher priority efforts. As a result of the USPTO's careful financial management and prudent use of fee setting authority, the Congress recognized the Office to be good stewards of fee setting authority and extended that authority through the SUCCESS Act.

In order to continue building on the progress made over the past seven years, and consistent with the USPTO's biennial fee review policy, the Office proposes the fee schedule detailed herein to continue to focus on the fundamental purpose of the USPTO, which is to foster innovation, competitiveness, and job growth by recognizing and securing IP rights, through the delivery of high quality and timely patent examination and review proceedings in order to produce reliable and predictable intellectual property rights. This proposed rule seeks to provide the USPTO sufficient financial resources to facilitate the effective administration of the U.S. IP system. The proposal includes targeted fee adjustments in addition to an approximately five percent across the board adjustment. This proposed rule is needed because actual fee collections have not materialized as expected in the January 2018 Final Rule, projected fee collections have been lowered as a result, and critical costs to the Office continue to increase. The proposed fees set forth in this proposed rule will help replenish and grow the patent operating reserve and stabilize USPTO's finances, enabling the Office to deliver reliable and predictable service levels, even in times of financial fluctuations. A more robust patent

operating reserve will also position the Office to identify and continue to undertake capital improvements, such as adapting to an ever-increasing technological future. The operating reserve will be managed carefully; if the projected operating reserve were to exceed the targeted optimal level by ten percent for two consecutive years, it is USPTO policy to examine the contributing factors and determine whether it would be advisable to lower fee rates. The fees proposed in this NPRM intend to position the Office well to deliver on known commitments and address unknown risks in the future.

**C. Summary of Costs and Benefits of This Action**

The proposed rule is economically significant and results in a need for a Regulatory Impact Analysis (RIA) under Executive Order 12866 Regulatory Planning and Review, (Sept. 30, 1993). The Office prepared a RIA to analyze the costs and benefits of the NPRM over a five-year period, FY 2020–FY 2024. The RIA includes an analysis of four alternatives for how well they aligned to the Office's rulemaking strategies and goals, which include strategic priorities (goals, objectives, and initiatives) from the Strategic Plan and the Office's fee setting policy factors. From this conceptual framework, the Office assessed the absolute and relative qualitative costs and benefits of each alternative. Consistent with OMB Circular A–4, “Regulatory Analysis,” the rule involves a transfer payment from one group to another. The Office recognizes that it is very difficult to precisely monetize and quantify social costs and benefits resulting from deadweight loss of a transfer rule such □ as the proposed rule. The costs and benefits that the Office identifies and analyzes in the RIA are strictly qualitative. Qualitative costs and benefits have effects that are difficult to express in either dollar or numerical values. Monetized costs and benefits, on the other hand, have effects that can be expressed in dollar values. The Office did not identify any monetized costs and benefits of the proposed rule, but found that the proposed rule has significant qualitative benefits with no identified costs.

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The qualitative costs and benefits that the RIA assesses are: (1) Fee schedule design—a measure of how well the fee schedule aligns to the key fee setting policy factors; and (2) securing aggregate revenue to recover aggregate cost—a measure of whether the alternative provides adequate revenue to support the core mission and strategic priorities described in the NPRM, Strategic Plan, and FY 2020 Budget. Based on the costs and benefits identified and analyzed in the RIA, the fee schedule proposed in this NPRM offers the highest net benefits. As described throughout this document, the proposed fee schedule maintains the existing balance of below cost entry fees ( *e.g.*, filing, search, and examination) and above cost maintenance fees as one approach to foster innovation. Further, as detailed in Part V, the proposed fee changes are targeted in support of one or more fee setting policy factors. Lastly, the proposed rule secures the aggregate revenue needed to achieve the strategic priorities encompassed in the rulemaking goals and strategies ( *see* Part III). The proposed fee schedule allows for optimizing patent quality and timeliness. This significantly increases the value of patents by advancing commercialization of new technologies sooner and reduces uncertainty regarding the scope of patent rights, which fosters innovation and has a positive effect on economic growth. Table 1 summarizes the RIA results.

Table 1—Proposed Patent Fee Schedule Costs and Benefits, Cumulative  
FY 2020–FY 2024

<b>Qualitative costs and benefits</b>	
<i>Costs:</i>	
None Identified	Neutral.
<i>Benefits:</i>	



<b>Qualitative costs and benefits</b>	
Secure Aggregate Revenue to Recover Aggregate Costs	Significant.
Fee Schedule Design	Significant.
<i>Net Benefit</i>	Significant Benefit.

Additional details describing the costs and benefits are available in the RIA at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>).

## II. Legal Framework

### A. Leahy-Smith America Invents Act—Section 10

The Leahy-Smith America Invents Act was enacted into law on September 16, 2011. *See* Public Law 112–29 (<https://www.govinfo.gov/link/plaw/112/public/29>), 125 Stat. 284. Section 10(a) of the Act authorizes the Director of the Office to set or adjust by rule any patent fee established, authorized, or charged under title 35, U.S.C., for any services performed by, or materials furnished by, the Office. Fees under title 35 U.S.C. may be set or adjusted only to recover the aggregate estimated cost to the Office for processing, activities, services, and materials related to patents, including administrative costs to the Office with respect to such patent operations. *See* 125 Stat. at 316. Provided that the fees in the aggregate achieve overall aggregate cost recovery, the Director may set individual fees under Section 10 at, below, or above their respective cost. Section 10(e) of the Act requires the Director to publish the final fee rule in the **Federal Register** and the Official Gazette of the Patent and Trademark Office at least 45 days before the final fees become effective. Section 10(i) terminates the Director's authority to set or adjust any fee under Section 10(a) upon the expiration of the seven-year period that began on September 16, 2011.

### B. The Study of Underrepresented Classes Chasing Engineering and Science Success Act of 2018

The Study of Underrepresented Classes Chasing Engineering and Science Success Act of 2018 (SUCCESS Act), was enacted into law on October 31, 2018. *See* Public Law 115–273 (<https://www.govinfo.gov/link/plaw/115/public/273>), 132 Stat. 4158. Section 4 of the SUCCESS Act amended Section 10(i)(2) of the AIA by striking “7-year” and inserting “15-year” in reference to the expiration of fee setting authority. Therefore, the updated Section 10(i) of the AIA terminates the Director's authority to set or adjust any fee under Section 10(a) upon the expiration of the 15-year period that began on September 16, 2011 and ends on September 16, 2026.

### C. Small Entity Fee Reduction

Section 10(b) of the AIA requires the Office to reduce by 50 percent the fees for small entities that are set or adjusted under Section 10(a) for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents.

### D. Micro Entity Fee Reduction

Section 10(g) of the AIA amended chapter 11 of title 35, U.S.C. (<https://www.govinfo.gov/link/uscode/35/1101>), by adding section 123 concerning micro entities. The Act provides that the Office must reduce by 75 percent the fees for micro entities for filing, searching, examining,

issuing, appealing, and maintaining patent applications and patents. Micro entity fees were implemented through the previous patent fee rule, and the Office will maintain this 75 percent micro entity discount for the appropriate fees and proposes to implement micro entity fees for additional services as appropriate.

### E. Patent Public Advisory Committee Role

The Secretary of Commerce established the PPAC under the American Inventors Protection Act of 1999. 35 U.S.C. 5 (<https://www.govinfo.gov/link/uscode/35/5>). The PPAC advises the Under Secretary of Commerce for Intellectual Property and Director of the USPTO on the management, policies, goals, performance, budget, and user fees of patent operations.

When adopting fees under Section 10 of the Act, the Director must provide the PPAC with the proposed fees at least 45 days prior to publishing the proposed fees in the **Federal Register**. The PPAC then has at least 30 days within which to deliberate, consider, and comment on the proposal, as well as hold public hearing(s) on the proposed fees. The PPAC must make a written report available to the public of the comments, advice, and recommendations of the committee regarding the proposed fees before the Office issues any final fees. The Office will consider and analyze any comments, advice, or recommendations received from the PPAC before finally setting or adjusting fees.

Consistent with this framework, on August 8, 2018, the Director notified the PPAC of the Office's intent to set or adjust patent fees and submitted a preliminary patent fee proposal with supporting materials. The preliminary patent fee proposal and associated materials are available at <https://www.uspto.gov/about-us/performance-> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>) and <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>). The PPAC held a public hearing in Alexandria, Virginia, on September 6, 2018. Transcripts of the hearing are available for review at [https://www.uspto.gov/sites/default/files/documents/PPAC\\_Hearing\\_Transcript\\_20180906.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Hearing_Transcript_20180906.pdf) ([https://www.uspto.gov/sites/default/files/documents/PPAC\\_Hearing\\_Transcript\\_20180906.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Hearing_Transcript_20180906.pdf)). Members of the public were invited to the hearing and given the opportunity to submit written and/or oral testimony for the PPAC to consider. The PPAC considered such public comments from this hearing and made all comments available to the public via the Fee Setting website, <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>). The PPAC also provided a written report setting forth in detail the comments, advice, and recommendations of the committee regarding the preliminary proposed fees. The report regarding the preliminary proposed fees was released on October 29, 2018, and can be found online at [https://www.uspto.gov/sites/default/files/documents/PPAC\\_Fee\\_Setting\\_Report\\_Oct2018\\_1.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Fee_Setting_Report_Oct2018_1.pdf) ([https://www.uspto.gov/sites/default/files/documents/PPAC\\_Fee\\_Setting\\_Report\\_Oct2018\\_1.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Fee_Setting_Report_Oct2018_1.pdf)). The Office considered and analyzed all comments, advice, and recommendations received from the PPAC before publishing this NPRM. Before a final rule is issued, this proposed rule provides the public with a 60-day period during which to provide comments to be considered by the USPTO.

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## III. Rulemaking Goals and Strategies

### A. Fee Setting Strategy

The overall strategy of this proposed rule is to establish a fee schedule that generates sufficient multi-year revenue to recover the aggregate cost of maintaining USPTO operations and accomplishing the USPTO's strategic goals in accordance with the authority granted to the USPTO by AIA Section 10, as amended by the SUCCESS Act. The overriding principles behind this strategy are to operate within a sustainable funding

model to avoid disruptions caused by fluctuations in financial operations, and to enable the USPTO to continue strategic improvements, such as optimizing patent application pendency, issuing highly reliable patents, fostering innovation through business effectiveness, enhancing operations of the PTAB, and optimizing speed, quality, and cost effectiveness of information technology delivery to achieve business value.

In addition to the overriding principles outlined above, as discussed earlier in this document, the Office also assesses alignment with the four key fee setting policy factors: Promoting innovation strategies, aligning fees with the full cost of products and services, facilitating the effective administration of the U.S. patent system, and offering patent processing options to applicants. Each factor promotes a particular aspect of the U.S. patent system. Promoting innovation strategies seeks to ensure barriers to entry into the U.S. patent system remain low, and innovation is incentivized by granting inventors certain short-term exclusive rights to stimulate additional inventive activity. Aligning fees with the full cost of products and services recognizes that as a fully fee-funded entity, the Office must account for all of its costs even as it elects to set certain fees below, at, or above cost. This factor also recognizes that some applicants may use particular services in a much more costly manner than other applicants (*e.g.*, patent applications cost more to process when more claims are filed). Facilitating effective administration of the patent system seeks to encourage patent prosecution strategies that promote efficient patent prosecution, resulting in compact prosecution and reduction in the time it takes to obtain a patent. Finally, the Office recognizes that patent prosecution is not a one-size-fits-all process; therefore, where feasible, the Office endeavors to fulfill its fourth policy factor of offering patent processing options to applicants.

## **B. Fee Setting Considerations**

The balance of this sub-section presents the specific fee setting considerations the Office reviewed in developing the proposed patent fee schedule. Specific considerations are: (1) Historical costs of patent operations and investments to date in meeting the Office's strategic goals; (2) the balance between projected costs to meet the Office's operational needs and strategic goals and the projected future year fee collections; (3) fee schedule design; (4) sustainable funding; and (5) the comments, advice, and recommendations offered by the PPAC on the Office's initial fee setting proposal. Collectively, these considerations inform the Office's chosen rulemaking strategy.

(1) *Historical Cost.* To ascertain how to best align fees with the full cost of products and services, the Office considers unit cost data provided by the USPTO's Activity Based Information (ABI) program. Using historical cost data and forecasted application demands, the Office can align fees to the costs of specific patent products and services. The document entitled "USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—Activity Based Information and Patent Fee Unit Expense Methodology," available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>), provides detail on the Office's costing methodology in addition to the last three years of historical cost data. Part IV of this proposed rule details the Office's methodology for establishing fees. Additionally, Part V describes the reasoning for setting some fees at cost, below cost, or above cost such that the Office recovers the aggregate cost of providing services through fees.

(2) *Projected Costs and Revenue.* In developing this NPRM, the USPTO considered its most current estimates of future year workload demands, fee collections, and costs to maintain core USPTO operations and meet the Office's strategic goals, all of which can be found in the FY 2020 Budget. The FY 2020 Budget and the Strategic Plan highlight the priorities of: Optimizing patent application pendency, issuing highly

reliable patents, fostering innovation through business effectiveness, enhancing operations of the PTAB, optimizing speed, quality, and cost effectiveness of IT delivery to achieve business value, and ensuring financial sustainability to facilitate effective USPTO operations. This also enables the USPTO to continue to leverage nationwide talent to build, retain and effectively manage the highly educated and talented workforce it needs to properly serve its stakeholder community and the country.

(a) *Updated Revenue Estimates.* As is discussed in more detail in Part IV: Fee Setting Methodology, when setting fees at appropriate levels to recover aggregate costs, the USPTO must estimate future year demand for the USPTO's products and services through a careful analysis of economic conditions, potential changes in the legal and policy environment, and operational efficiency and productivity. Many of these factors fall outside the USPTO's control. Since the time that the USPTO published the January 2018 Final Rule, new information has become available that has resulted in adjustments to several of the assumptions underlying the Office's revenue projections. The result of this change is a lowering of revenue expectations under the existing fee schedule. This reduction is due to a number of factors, most significant of which is a reduction in the estimates for application filings and maintenance fee collections.

Actual Utility, Plant, and Reissue (UPR) application filings in FYs 2017 and 2018 were less robust than expected. In the FY 2020 Budget, given the lower than expected previous year filings, and an analysis of domestic and global economic forecasts, the USPTO has lowered future year filing projections from what was expected when the January 2018 Final Rule was published. The lower level of filings also affects the multi-year workloads of the Office, and means that fixed costs, like those for IT development, get spread across a smaller pool of patent applications, which contributes to higher unit costs.

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Further, in the time since the January 2018 Final Rule was published, the USPTO has refined its methodology for projecting maintenance fees. In FYs 2017 and 2018 maintenance fee collections were lower than expected. Based on the refined methodology and recent trends, the refreshed forecast included in the FY 2020 Budget has been lowered. Much of this reduction is due to a very slight downward adjustment in expected third stage maintenance fee renewal rates.

Absent the proposed increase in fees or an unsustainable reduction in operating costs, the USPTO would be forced to draw down its operating reserves and take on higher levels of financial risk.

(b) *Quality, Backlog, and Pendency.* The strategic goal to “optimize patent quality and timeliness” recognizes the importance of innovation as the foundation of American economic growth and national competitiveness. Through this goal, the Office will continually improve patent quality, particularly the predictability and reliability of issued patents. The USPTO is also committed to improving pendency to better ensure the timely delivery of innovative goods and services to market and the related economic growth and creation of new or higher-paying jobs.

The Office will continue to diligently make progress toward pendency targets and quality expectations to issue predictable and reliable patents, while also addressing the anticipated growth in application filings. The Office will work to optimize patent examination timeframes within the framework of Patent Term Adjustment (PTA) while continuing to monitor and report traditional pendency measures. This includes engaging customers to identify optimal pendency and examination timeframes, and making sure that the Office has the appropriate number of examiners to generate the level of production to meet those timeframes. This proposed rule will produce revenues adequate to continue the USPTO's progress towards attaining its strategic goal to optimize patent quality and timeliness.

The Office recognizes the importance of issuing high quality patents that provide reliable and predictable intellectual property protection. If the USPTO is to achieve its strategic objective of issuing highly reliable patents, patent examiners must be afforded sufficient time to conduct a thorough and complete examination of each application. In the time since fees were last adjusted, the USPTO has completed a comprehensive analysis of examination time, known as ETA, the result of which determined a need for updates to the allotment of examination time.

In the past, allotment of examination time for a particular application was determined by the most comprehensive claim, and could not account for multi-disciplinary inventions. Sometimes, patent applications of similar technologies would receive disparate time for examination as a result. This, together with significant changes in patent prosecution that have occurred since examination time goals were established over 40 years ago—such as advancements in the technological complexities of applications, a growing volume of prior art, and a changing legal landscape—have brought about the need for updates to the allotment of examination time. The time examiners are given to examine applications is the critical link between pendency and quality. These updates reflect internal and external stakeholders' priorities and experiences as it relates to examination time, quality, and application complexity, and also enable optimal pendency and quality levels.

In addition to the changing legal landscape, increasing technical complexities of applications and the growing volume of prior art to be searched during examination, updates to examination time will also take into account the full scope of technology recited in an application as well as the particular attributes of the application, such as the number of claims, the size of the specification, and the number of references cited in any filed information disclosure statement. Based on technology examined, examiners that currently receive the lowest amount of time for examination will generally see the largest increases in examination time, and conversely, examiners that currently receive the highest amount of time may see little, if any, increase in examination time. Further, all examiners will be provided additional examination time based on the specific attributes of the application. Together, these changes improve the calibration of the time needed to conduct a thorough examination, position the Office to better adjust time in the future as needed, and will stakeholders increased confidence in the certainty of any resultant patent rights.

Separate from the ETA findings, analysis of the Patent staffing model indicates an incremental decrease in examiners' average net output over time, resulting in higher core patent examination costs than in previous estimates. One possible explanation for this reduction in output may be that the percentage of examiners receiving production awards has dropped, and a larger number of examiners are forgoing promotions and staying at lower grades. Additionally, applicants' increased use of programs like After Final Consideration Pilot (AFCP) and interviews, along with increased training needs due to changes in legal landscape and examination practices, has increased the amount of non-examination time used by examiners, also leading to productivity losses.

Another area where essential operating costs have increased is the PTAB. The PTAB, as it currently exists, was established by the AIA in September 2012. The PTAB manages pendency for three different activities: AIA trials which, by statute, must be adjudicated within one year of filing; re-examination petitions which, by statute, must be completed with "special dispatch"; and *ex parte* appeals. The PTAB's commitment is to timely resolve appeals and *inter partes* matters within statutory or USPTO timeframes, while streamlining processes and procedures throughout the PTAB. This entails retaining and leveraging nationwide talent. As the Office institutes operational changes at the PTAB to comply with the *SAS* decision and implement other improvements, as detailed in Part V, the average workload associated with each trial is increasing.

(c) *Business Effectiveness*. Given the estimates of costs and revenue in the FY 2020 Budget, absent efforts to boost future revenue, funding for other USPTO and stakeholder priorities, like IT modernization and other business improvement initiatives, would need to be reduced to well below planned levels in the coming years. To this end, revenue generated from the proposed fee structure will enable the USPTO to focus on how the Patent organization operates to foster business effectiveness. In fulfilling this objective, the Office will listen to customers and employees and then take patent-specific actions that will position the Office to meet expectations. □

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The USPTO will provide the cutting-edge tools that employees and customers need to efficiently and effectively accomplish their tasks, particularly through the continued implementation of Patents End-to-End. For example, this could entail the use of artificial intelligence or machine-learning efforts. Another key initiative that will enhance the work capabilities of both employees and customers is to improve searchable (text) access to domestic and international patent applications, including access to non-patent literature and prior art, and office actions.

(3) *Fee Schedule Design*. The proposed fee schedule was designed to set individual fees to further key policy considerations while taking into account the cost of the particular service. To encourage innovators to take advantage of patent protection, the Office continues its longstanding practice of setting basic “front-end” fees (e.g., filing, search, and examination) below the actual cost of carrying out these activities. Additionally, new fees are set, and existing fees are adjusted, in order to facilitate the effective administration of the patent system. Part IV of this proposed rule details the Office's methodology for establishing fees, and Part V describes the reasoning for setting and adjusting individual fees, including fee schedule design benefits. The RIA, available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>), also discusses fee schedule design benefits.

(4) *Sustainable Funding*. A major component of sustainable funding is the creation and maintenance of a viable patent operating reserve that allows for effective management of the U.S. patent system and responsiveness to changes in the economy, unanticipated production workload, and revenue changes. As a fee-funded agency, the USPTO uses its reserves to mitigate the variability in its spending and revenue streams that can create volatility in patent operations and threaten the Office's ability to support mission operations.

The USPTO aims to manage the operating reserve within a range of acceptable balances and assesses its options when projected balances fall either below or above that range. Minimum planning targets are assessed annually and are intended to address immediate unplanned changes in the economic or operating environments as the Office builds its reserve to the optimal level. The optimal reserve target, which is reviewed at least biennially, is established based on an assessment of the likelihood and severity of an array of financial risks. A recent assessment of the Patent operating reserve relative to the current financial risk environment revalidated the optimal reserve level of three months' operating expenses as the appropriate long-range target given various risk factors, such as the high percentage of fixed costs in the Patent business and recent and potential changes in the legal, judicial, and policy environments. For the Patent business line's operating reserve, a minimum planning level of approximately \$300 million—just over one month's operating expenses—has been established. The USPTO's annual budget delineates prospective spending levels (aggregate costs) to execute core mission activities and strategic initiatives. In the FY 2020 Budget, the USPTO estimated that its aggregate patent operating costs for FY 2020, including administrative costs, would be \$3.2 billion and aggregate estimated patent fee collections and other income is \$3.1 billion, with

the operating reserve making up the difference. The health of the operating reserve, which is expected to be below the minimum target through FY 2021 as the USPTO continues investments in mission-critical areas, is a key consideration as the USPTO sets its fees. Aided by the increased fees proposed in the NPRM, future year projections are anticipated to build the Patent operating reserve to an optimal level of three months operating requirements. These projections are based on point-in-time estimates and assumptions that are subject to change. For instance, the Budget includes assumptions about filing levels, renewal rates, whether or not the President will authorize or Congress will mandate employee pay raises, the productivity of the workforce, and many other factors. A change in any of these factors could have a significant cumulative impact on reserve balances. The operating reserve estimates do not reflect the 2019 1.9 percent pay raise as authorized in the Consolidated Appropriation Act, 2019, Public Law 116–6 (<https://www.govinfo.gov/link/plaw/116/public/6>), 133 Stat. 13, which was passed after the cost estimates for the FY 2020 Budget were finalized. This new requirement will increase the patent budgetary requirements by approximately \$31–\$44 million per year. This will result in a cumulative impact of \$245 million over the budget horizon. As seen in Table 3, set forth in Part IV: Fee Setting Methodology, over a five-year planning horizon the operating reserve balance can change significantly; underscoring the Office's financial vulnerability to varying risk factors and the importance of fee setting authority.

The USPTO will continue to assess the patent operating reserve balance against its target balance annually, and at least every two years, the Office will evaluate whether the optimal target balance continues to be sufficient to provide the stable funding the Office needs. Per the Office's operating reserve policy, if the operating reserve balance is projected to exceed the optimal level by ten percent for two consecutive years, the Office will consider fee reductions. Under the new fee structure, as in the past, the Office will continue to regularly review its operating budgets and long-range plans to ensure the USPTO uses patent fees prudently.

(5) *Comments, Advice, and Recommendations from the PPAC.* In the report prepared in accordance with AIA fee setting authority, the PPAC conveyed support for the USPTO in seeking the revenues it needs to increase the reliability and certainty of patent rights, provide timely examination, improve and secure its IT infrastructure and adequately fund its operating reserve. Specifically, the report stated, “As a general matter, we believe that increased revenue for the USPTO will be important to fulfill its Strategic Plan and implement the recommendations of the PPAC.” Patent Pub. Advisory Comm., Fee Setting Report (2018). However, the PPAC expressed concerns over some of the individual fee adjustments and their potential impacts on patent applicants and holders. The USPTO has included additional information in this NPRM to further address some of the concerns of PPAC and the public.

The PPAC expressed general support for the stated goals and an increase in patent fees. In general, the PPAC urged the Office to provide more detail and justification on how additional revenue will be used to enhance patent quality. The PPAC also suggested the USPTO should be clear as to how it will use revenues to modernize its IT infrastructure to increase stability and scalability, and to strengthen security, as well as to support more effective examination processes. Both the FY 2020 Budget and Part III: Rulemaking Goals and Strategies, and Part V: Individual Fee Rationale offer this additional information.

Regarding the proposed changes to the issue and maintenance fees, the PPAC expressed support for the rationale for weighting the increases toward the issue fee and first stage maintenance fee. The PPAC also suggested that the USPTO carefully consider elasticity for first stage □ maintenance fees and its potential impact on revenue. The Office's elasticity study showed that first stage maintenance fees are among the least elastic patent-related fees. For more information *see* “USPTO Setting and Adjusting Patent Fees during

Fiscal Year 2020—Description of Elasticity Estimates,” available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>).

The PPAC supports the increases to the fees in post-grant proceedings (post grant review (PGR), *inter partes* review (IPR) and covered business methods (CBM) proceedings). The PPAC noted that they understand the impact of the *SAS Institute v. Iancu* 138 S. Ct. 1348 (2018) and *Aqua Products, Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) decisions have on PTAB's workload and the additional resources needed to manage that increased workload. In the report, the PPAC suggested that the PTAB conduct data collection and analysis on the impact of these decisions on its processes so stakeholders can better appreciate the need for increased fees. The Office appreciates this suggestion and is currently collecting data on the impact of these decisions and will reevaluate the extent of the increase in costs once actual data become available. The PPAC also expressed support for the new fee for pro hac vice admissions noting, “It makes sense to recover the costs of processing these petitions from those in need of pro hac vice admission rather than from overall trial fees” PPAC, at 3.

The PPAC supports the surcharge on non-DOCX filings. The report expressed that “the USPTO should have the flexibility to incentivize applicants to use filing formats that maximize efficiency for both the USPTO and its stakeholders” PPAC, at 3.

The report noted opposition to the proposed increases for the Fee for Late Payment of a Maintenance Fee. The PPAC believes the magnitude of increase of the surcharge for late maintenance fee payments may be excessive. However, the PPAC agrees that it is desirable to have timely payment of maintenance fees to make clear to the public when patent rights will be extended and therefore agrees with a meaningful incentive to encourage timely payment. In response, the USPTO has reduced the proposed Maintenance Fee Surcharge from \$1,000 to \$500 for large entities. The PPAC suggested, “If the goal is to discourage late payments, then perhaps the USPTO should provide services to individuals and small businesses to make it simple to stay current on deadlines and pay in a timely fashion” PPAC, at 3. The USPTO appreciates the PPAC's suggestion. The USPTO provides tools to help patent owners monitor due dates, such as the Patent Maintenance Fees Storefront, <https://fees.uspto.gov/MaintenanceFees> (<https://fees.uspto.gov/MaintenanceFees>), with which anyone can see the payment windows for all patents. Additionally, customers with USPTO.gov accounts ( *i.e.*, MyUSPTO) can create a “patent docket” and add patent or application numbers in order to keep track of due dates. Also, the weekly Official Gazette notices list the range of patents for which maintenance fees are now payable. In addition, with the availability of free electronic calendar applications, individuals are able to easily set up reminders of when maintenance fee payments are eligible for renewal (3, 7, 11 years from issue) and when they are due (3.5, 7.5, 11.5 years from issue).

The PPAC expressed a lack of support for the proposal to increase Request for Expedited Examination of a Design Application. The advisory body requested sufficient justification for such a large increase. In response to this concern, the USPTO has provided additional justification and data. Part V: Individual Fee Rationale offers this additional information.

The PPAC supported the active patent practitioner fee to make certain that the roll of registered practitioners is up-to-date and to defray the patent related costs of operating the Office of Enrollment and Discipline (OED). The PPAC noted that the proposed annual active practitioner fee attracted numerous comments. In the report, the PPAC requested further information from the USPTO about how the anticipated fee collections will offset the cost of operations of the OED and to what extent. The PPAC agreed that the annual



active practitioner fee would better align the costs of OED services with those who receive the benefits. The PPAC believes that the OED fees would not create an unreasonable burden. In response to the report, the USPTO has made changes to the annual active practitioner fee.

In particular, some of the comments received suggested that offering a paper option would make the structure of the fee overly complicated and administratively burdensome. In view of these comments, the paper filing option has been removed. Only electronic payments will be accepted. Additionally, several of the comments received in the course of the PPAC hearing suggested that requiring practitioners to either retake the registration examination or make a showing that they continue to possess the qualifications necessary to practice before the Office after they had been voluntarily inactive for two years, and to retake the examination after they had been inactive for five years, would be overly burdensome. Accordingly, the proposal has been changed; practitioners who are endorsed on the roster as voluntarily inactive will be liable for a fee of \$70 per year to cover OED's administrative costs in maintaining the register and updating their information, but will neither be required to make a showing of their qualifications, nor be required to take the examination. Practitioners may apply to become active by paying the reinstatement fee and making their request to the OED Director. In regards to the Continuing Legal Education (CLE) discount, the PPAC supports the USPTO's goal to improve the services provided by the patent bar to the public. The PPAC has requested more information supporting the effectiveness of such a CLE incentive. Part V: Individual Fee Rationale offers this additional justification for the CLE discount.

In summary, the USPTO appreciates the overall support for an increase in patent fees to meet sufficient funding levels provided by the PPAC and its stakeholders. After careful consideration of the comments, concerns, and suggestions provided in the report, and keeping in mind the goals of this proposed rule, the USPTO elected to make changes to two of the fee proposals initially presented to the PPAC. The fee structure proposed herein will ultimately allow the USPTO to maintain patent operations and continue on its path towards achieving the goals and objectives laid out in the Strategic Plan. The Office looks forward to receiving additional comments on this revised proposal during the public comment period.

### **C. Summary of Rationale and Purpose of the Proposed Rule**

The Office estimates that the proposed patent fee schedule will produce aggregate revenues to recover the aggregate costs of patent operations, including the implementation of its strategic and mission support goals, objectives, and initiatives in FY 2021 and beyond. Using the Strategic Plan as a foundation, the proposed rule will provide sufficient aggregate revenue to recover the aggregate cost of patent operations, including optimizing patent application pendency, issuing highly reliable patents, fostering innovation through business effectiveness, enhancing the operations of the PTAB, optimizing the speed, quality, and cost-effectiveness of information technology  delivery to achieve business value, and ensuring financial sustainability to facilitate effective operations.

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### **IV. Fee Setting Methodology**

The Office carried out three primary steps in developing the proposed fees:

*Step 1:* Determine the prospective aggregate costs of patent operations over the five-year period, including the cost of implementing new initiatives to achieve strategic goals and objectives.

*Step 2:* Calculate the prospective revenue streams derived from the individual fee amounts (from Step 3) that will collectively recover the prospective aggregate cost over the five-year period.

*Step 3:* Set or adjust individual fee amounts to collectively (through executing Step 2) recover projected aggregate cost over the five-year period, while furthering key policy factors.

These three steps are iterative and interrelated. The following is a description of how the USPTO carries out these three steps.

### **Step 1: Determine Prospective Aggregate Costs**

Calculating prospective aggregate costs is accomplished primarily through the annual USPTO budget formulation process. The budget is a five-year plan (that the Office prepares annually) for carrying out base programs and new initiatives to implement the USPTO's strategic goals and objectives.

The first activity performed to determine prospective aggregate cost is to project the level of demand for patent products and services. Demand for products and services depends on many factors that are subject to change, including domestic and global economic activity. The USPTO also takes into account overseas patenting activities, policies and legislation, and known process efficiencies. Because filing, search, and examination costs are the largest share of the total patent operating cost, a primary production workload driver is the number of patent application filings ( *i.e.*, incoming work to the Office). The Office looks at indicators such as the expected growth in Real Gross Domestic Product (RGDP), the leading indicator of incoming patent applications, to estimate prospective workload. RGDP is reported by the Bureau of Economic Analysis ( [www.bea.gov](http://www.bea.gov) (<http://www.bea.gov>)) and is forecasted each February by the OMB ( [www.omb.gov](http://www.omb.gov) (<http://www.omb.gov>)) in the Economic and Budget Analyses section of the Analytical Perspectives and twice annually by the Congressional Budget Office (CBO) ( [www.cbo.gov](http://www.cbo.gov) (<http://www.cbo.gov>)) in the Budget and Economic Outlook. A description of the Office's methodology for using RGDP can be found in Appendix I—Multi-year Planning by Business Line and Cost Containment of the FY 2020 Budget. The expected change in the required production workload must then be compared to the current examination production capacity to determine any required staffing and operating cost ( *e.g.*, salaries, workload processing contracts, and publication) adjustments. The Office uses a patent pendency model that estimates patent production output based on actual historical data and input assumptions, such as incoming patent applications and overtime hours. An overview of the model, including a description of inputs, outputs, key data relationships, and a simulation tool is available at [https://www.uspto.gov/patents/stats/patent\\_pend\\_model.jsp](https://www.uspto.gov/patents/stats/patent_pend_model.jsp) ([https://www.uspto.gov/patents/stats/patent\\_pend\\_model.jsp](https://www.uspto.gov/patents/stats/patent_pend_model.jsp)).

The second activity is to calculate the aggregate costs to execute the requirements. In developing its budget, the Office first looks at the cost of status quo operations (the base requirements). The base requirements are adjusted for anticipated pay increases and inflationary increases for the budget year and four out years (detailed calculations and assumptions for this adjustment can be found in the FY 2020 Budget). The Office then estimates the prospective cost for expected changes in production workload and new initiatives over the same period of time (refer to “Program Changes by Sub-Program” sections of the FY 2020 Budget). The Office reduces cost estimates for completed initiatives and known cost savings expected over the same five-year horizon. Finally, the Office estimates its three month target operating reserve level based on this aggregate cost calculation for the year to determine if operating reserve adjustments are necessary.

The FY 2020 Budget identifies that, during FY 2020, patent operations will cost \$3.170 billion ( *see* Appendix II of the FY 2020 Budget), including \$2.153 billion for patent examining; \$93 million for patent trial and appeals; \$161 million for patent information resources; \$28 million for activities related to IP protection, policy, and enforcement; and \$734 million for general support costs necessary for patent operations ( *e.g.*, the patent share of rent, utilities, legal, financial, human resources, other administrative

services, and Office-wide IT infrastructure and IT support costs). In addition, the Office transfers \$2 million to the DOC Inspector General for audit support. The Office also estimates collecting \$37 million in other income associated with recoveries and reimbursable agreements (offsets to spending).

A detailed description of the operating requirements and related aggregate cost is located in the FY 2020 Budget. Table 2 below provides key underlying production workload projections and assumptions from the FY 2020 Budget used to calculate aggregate cost. Table 3 ( *see* Step 2) presents the total budgetary requirements (prospective aggregate cost) for FY 2020 through FY 2024 and the estimated collections and operating reserve balances that would result from the proposed adjustments contained in this NPRM. Table 3 does not reflect the 2019 1.9 percent pay raise as authorized in the Consolidated Appropriation Act, 2019, Public Law 116–6 (<https://www.govinfo.gov/link/plaw/116/public/6>), 133 Stat. 13, which was passed after the cost estimates for the FY 2020 Budget were finalized. This new requirement will increase the patent budgetary requirements by approximately \$31–\$44 million per year. This will result in a cumulative impact of \$245 million over the budget horizon. As the Budget notes, these projections are based on point-in-time estimates and assumptions that are subject to change. There is considerable uncertainty in out-year budgetary requirements. A number of risks could materialize over the next several years ( *e.g.*, associated with recompletions of major contracts, lease renewals, changing assumptions about Presidentially authorized or congressionally mandated employee pay raises, etc.) that could increase the USPTO's budgetary requirements in the short- to medium-term. These estimates are refreshed annually in the production of the USPTO's Budget.

Table 2—Patent Production Workload Projections  
[FY 2020–FY 2024]

<b>Utility, plant, and reissue (UPR)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Applications *	611,158	612,614	621,450	629,204	636,625
Application Growth Rate	0.2%	0.2%	1.4%	1.2%	1.2%
Production Units	607,252	597,025	612,487	624,005	625,527
Unexamined Patent Application Backlog	498,554	503,975	502,669	497,497	489,448
Examination Capacity **	8,313	8,686	9,046	9,174	9,297
<b>Performance Measures (UPR):</b>					
Avg. First Action Pendency (Months)	14.7	14.7	14.5	14.3	14.0
Avg. Total Pendency (Months)	22.8	22.8	22.9	22.7	22.4

<b>Utility, plant, and reissue (UPR)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
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*\* In this table, the patent application filing data includes requests for continued examination (RCEs).*

*\*\* In this table, Examination Capacity is the UPR Examiners On-Board at End-of-Year, as described in the FY 2020 Budget.*

## Step 2: Calculate Prospective Aggregate Revenue

As described above in Step 1, the USPTO's FY 2020 requirements in the FY 2020 Budget include the aggregate prospective cost of planned production, anticipated new initiatives, and a contribution to the patent operating reserve required for the Office to maintain patent operations and realize its strategic goals and objectives for the next five years. The aggregate prospective cost becomes the target aggregate revenue level that the new fee schedule must generate in a given year and over the five-year planning horizon. To calculate the aggregate revenue estimates, the Office first analyzes relevant factors and indicators to calculate or determine prospective fee workloads ( *e.g.*, number of applications and requests for services and products), growth in those workloads, and resulting fee workload volumes (quantities) for the five-year planning horizon. Economic activity is an important consideration when developing workload and revenue forecasts for the USPTO's products and services because economic conditions affect patenting activity.

The Office considers economic activity when developing fee workloads and aggregate revenue forecasts for its products and services. Major economic indicators include the overall condition of the U.S. and global economies, spending on research and development activities, and investments that lead to the commercialization of new products and services. The most relevant economic indicator that the Office uses is the RGDP, which is the broadest measure of economic activity and is anticipated to grow approximately two percent for FY 2020 based on CBO estimates.

These indicators correlate with patent application filings, which are a key driver of patent fees. Economic indicators also provide insight into market conditions and the management of IP portfolios, which influence application processing requests and post-issuance decisions to maintain patent protection. When developing fee workload forecasts, the Office considers other influential factors including overseas activity, policies and legislation, court decisions, process efficiencies, and anticipated applicant behavior.

Anticipated applicant behavior in response to fee changes is measured using an economic principle known as elasticity, which for the purpose of this proposal measures how sensitive applicants and patentees are to changes in fee amounts. The higher the elasticity measure (in absolute value), the greater the applicant response to the relevant fee change. If elasticity is low enough ( *i.e.*, demand is *inelastic* or the elasticity measure is less than one in absolute value), a fee increase will lead to only a relatively small decrease in patent activities, and overall revenues will still increase. Conversely, if elasticity is high enough ( *i.e.*, demand is *elastic* or the elasticity measure is greater than one in absolute value), a fee increase will lead to a relatively large decrease in patenting activities such that overall revenues will decrease. When developing fee forecasts, the Office accounts for how applicant behavior will change at different fee amounts projected for the various patent services. The Office analyzed elasticity for nine broad patent fee categories:

Filing/search/examination fees, excess independent claims fees, excess total claims fees, application size (excess page) fees, issue fees, request for continued examination (RCE) fees, appeal fees, AIA trial fees, and maintenance fees, including distinctions by entity size where applicable. Additional detail about the Office's elasticity estimates is available in "USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—Description of Elasticity Estimates," available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>).

## AGGREGATE REVENUE ESTIMATE RANGES

When estimating aggregate revenue, the USPTO prepares a high and a low range of fee collection estimates. This range accounts for the inherent uncertainty, sensitivity, and volatility of predicting fluctuations in the economy and market environment; interpreting policy and process efficiencies; and developing fee workload and fee collection estimates from assumptions. The Office estimates a range for all its major workload categories including application filings, extensions of time, PTAB fees, maintenance fees, patent cooperation treaty (PCT) filings, and trademark filings. Additional detail about the Office's aggregate revenue, including projected workloads by fee, is available in "USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—Aggregate Revenue Estimates Alternative 1: Proposed Alternative" available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>).

## SUMMARY

Patent fees are collected for patent-related services and products at different points in time within the patent application examination process and over the life of the pending patent application and granted patent. Approximately half of all patent fee collections are from maintenance fees, which subsidize the cost of filing, search, and examination activities. Changes in application filing levels immediately impact current year fee collections, because fewer patent application filings means the Office collects fewer fees to devote to production-related costs. The resulting reduction in production activities also creates an out-year revenue impact because less production output in one year results in fewer issue and maintenance fee payments in future years.

The USPTO's five-year estimated aggregate patent fee revenue ( *see* Table 3) is based on the number of patent applications it expects to receive for a □ given fiscal year, work it expects to process in a given fiscal year (an indicator of future patent issue fee workload), expected examination and process requests for the fiscal year, and the expected number of post-issuance decisions to maintain patent protection over that same fiscal year. Within the iterative process for estimating aggregate revenue, the Office adjusts individual fee rates up or down based on cost and policy decisions ( *see* Step 3: Set Specific Fee Amounts), estimates the effective dates of new fee rates, and then multiplies the resulting fee rates by appropriate workload volumes to calculate a revenue estimate for each fee. To calculate the aggregate revenue, the Office assumes that all proposed fee rates will become effective on January 1, 2021 except for the new Annual Active Patent Practitioner Fees, which are assumed to become effective January 1, 2022. Using these figures, the USPTO sums the individual fee revenue estimates, and the result is a total aggregate revenue estimate for a given year ( *see* Table 3). The financial outlook in Table 3 is different from the numbers contained in the FY 2020 Budget. At the time the FY 2020 Budget was prepared, the proposed fee adjustments were not finalized. Therefore, the revenue estimates in this NPRM and associated documents do not exactly match what was assumed in the FY 2020 Budget. Forecasted revenue for FY 2021 through FY 2024 is \$2 million to \$4 million lower per year, for a total impact of \$12 million lower than the estimates reported in the FY 2020 Budget.

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Table 3—Patent Financial Outlook  
[FY 2020–FY 2024]

	<b>Dollars in millions</b>				
	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Projected Fee Collections	3,095	3,358	3,687	3,690	3,836
Other Income	37	37	37	37	37
Total Projected Fee Collections and Other Income	3,132	3,395	3,724	3,727	3,873
Budgetary Requirements	3,172	3,326	3,434	3,524	3,626
Funding to (+) and from (-) Operating Reserve	(40)	69	290	203	247
EOY Operating Reserve Balance	203	272	562	765	1,012
Over/(Under) \$300M Minimum Level	(97)	(28)	262	465	712
Over/(Under) Optimal Level	(589)	(559)	(296)	(116)	105

### Step 3: Set Specific Fee Amounts

Once the Office finalizes the annual requirements and aggregate prospective costs through the budget formulation process, the Office determines specific fee amounts that, together, will derive the aggregate revenue required to recover the estimated aggregate prospective costs during the five year budget horizon. Calculating individual fees is an iterative process that encompasses many variables and policy factors. These are discussed in greater detail in section V. Individual Fee Rationale.

One of the variables the USPTO considers to inform fee setting is the historical cost estimates associated with individual fees. The Office's ABI provides historical cost for an organization's activities and outputs by individual fee using the activity-based costing (ABC) methodology. ABC is commonly used for fee setting throughout the Federal Government. Additional information about the methodology, including the cost components related to respective fees, is available in the document entitled "USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—Activity-Based Information and Patent Fee Unit Expense Methodology" available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>). The USPTO provides data for FY 2016–FY 2018 because the Office finds that reviewing the trend of ABI historical cost information is the most useful way to inform fee setting. The underlying ABI data are available for public inspection at the USPTO upon request.

When the Office implements a new process or service, historical ABI data is typically not available. However, the Office will use the historical cost of a similar process or procedure as a starting point to estimate the full cost of a new activity or service.

## V. Individual Fee Rationale

The Office projects that the aggregate revenue generated from the proposed patent fees will recover the prospective aggregate cost of its patent operations including contributions to the operating reserve per the strategic initiative to ensure financial sustainability to facilitate effective USPTO operations. As detailed previously, the PPAC supports this approach, stating that "The PPAC supports the USPTO in seeking the revenues it needs to increase the reliability and certainty of patent rights, provide timely examination, improve and secure its IT infrastructure and adequately fund its operating reserve" PPAC, at [2].

It is important to recognize that each individual proposed fee is not necessarily set equal to the estimated cost of performing the activities related to the fee. Instead, as described in Part III: Rulemaking Goals and Strategies, some of the proposed fees are set at, above, or below their unit costs to balance several key fee setting policy factors: Promoting innovation strategies, aligning fees with the full cost of products and services, facilitating effective administration of the patent system, and offering patent processing options to applicants. For example, many of the initial filing fees are intentionally set below unit cost in order to promote innovation strategies by removing barriers to entry for innovators. To balance the aggregate revenue loss of fees set *below cost*, other fees must be set *above cost* in areas where it is less likely to reduce inventorship ( *e.g.*, maintenance).

For some fees proposed in this NPRM, such as excess claims fees, the USPTO does not typically maintain individual historical cost data for the service provided. Instead, the Office considers the policy factors described in Part III to inform fee setting. For example, by setting fees at particular levels using the facilitating effective administration of the patent system policy factor, the USPTO aims to: (1) Foster an environment where examiners can provide and applicants can receive prompt, quality interim and final

decisions; (2) encourage the prompt conclusion of prosecuting an application, resulting in pendency reduction and the faster dissemination of patented information; and (3) help  recover costs for activities that strain the patent system.

The rationale for the proposed changes are grouped into three major categories, discussed below: (A) Across the board adjustment to patent fees; (B) targeted fees; and (C) discontinued fees. The purpose of the categorization is to identify large fee changes for the reader and provide an individual fee rationale for such changes. The categorization is based on changes in large entity fee amounts because percentage changes for small and micro entity fees that are in place today would be the same as the percentage change for the large entity, and the dollar change would be half or one quarter of the large entity change.

The Table of Patent Fees includes the current and proposed fees for large, small, and micro entities as well as unit costs for the last three fiscal years. Part VI: Discussion of Specific Rules contains a complete listing of fees that are set or adjusted in the proposed patent fee schedule.

### **A. Across the Board Adjustment to Patent Fees**

In order to both keep USPTO on a stable financial track and allow for the advancement of policies and practices that enhance the country's innovation ecosystem, the Office proposes to adjust all patent fees not covered by the targeted adjustments as discussed in section B, or proposed to be discontinued as discussed in section C, by approximately five percent. Given that nearly three years will have passed between the implementation date of the last fee adjustments and when the proposed fees are expected to take effect, a five percent increase is similar to fees increasing by 1.6 percent annually to help USPTO keep up with inflationary cost increases. Proposed fees are rounded to the nearest five dollars by applying standard arithmetic rules. For fees that have small and micro entity fee reductions, the large entity fee is rounded up or down to the nearest 20 dollars by applying standard arithmetic rules. The resulting proposed fee amounts are more convenient to patent users and permit the Office to set small and micro entity fees at whole dollar amounts when applying the applicable fee reduction. Therefore, some smaller fees will not be changing, since a five percent increase would round down to the current fee, while other fees would change by slightly more or less than five percent, depending on rounding. The proposed fee adjustments in this category are listed in the Table of Patent Fees.

The five percent across the board adjustment strikes an appropriate balance between projected aggregate revenue and aggregate cost based on the assumptions used to develop the point-in-time estimates that support this NPRM. As was discussed in Part IV: Fee Setting Methodology, these assumptions are likely to change as new information becomes available. Refreshed estimates for the FY 2021 Budget will be available to the public before publication of the final rule. If changes to the assumptions underlying the USPTO's cost and revenue estimates result in significant changes in the FY 2021 Budget projections, the Office will refine the size of the across the board adjustment, either upward or downward, such that fees are set a level that secures aggregate cost recovery while ensuring a reasonable pace for operating reserve growth.

### **B. Targeted Fees**

For those fees targeted in this proposal, the individual fee rationale discussion is divided into two categories: (1) Adjustments to existing fees; and (2) new fees.

Adjustments to existing fees are further divided into subcategories according to the function of the fees, including: (a) Maintenance fee surcharge; (b) request for the expedited examination of a design application fee; (c) utility issue and maintenance fees; and (d) AIA trial fees. New fees are further divided into

subcategories according to the function of the fees, including: (a) Non-DOCX filing surcharge fee; (b) Pro Hac Vice; and (c) Annual Active Patent Practitioner fees.

As discussed above, for purposes of comparing amounts in the individual fee rationale discussion, the Office has included the current fees as the baseline to calculate the dollar change and percent change for proposed fees.

### **(1) ADJUSTMENTS TO EXISTING FEES**

The following fees are proposed to be increased by an amount other than the five percent across the board increase proposed for most patent-related fees. These targeted adjustments are made for a variety of strategic reasons. A discussion of the rationale for each fee follows.

#### **(A) MAINTENANCE FEE SURCHARGE**

Table 4—Maintenance Fee Surcharge Fees—Fee Changes

<b>Fee description</b>	<b>Current fees Large (small) [micro] entity</b>	<b>Proposed fees Large (small) [micro] entity</b>	<b>Dollar change Large (small) [micro] entity</b>	<b>Percent change Large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>
Surcharge—3.5 year —Late payment within 6 months	\$160 (\$80) [\$40]	\$500 (\$250) [\$125]	+\$340 (+\$170) [+\$85]	+213% (+213%) [+213%]	N/A
Surcharge—7.5 year —Late payment within 6 months	\$160 (\$80) [\$40]	\$500 (\$250) [\$125]	+\$340 (+\$170) [+\$85]	+213% (+213%) [+213%]	N/A
Surcharge—11.5 year —Late payment within 6 months	\$160 (\$80) [\$40]	\$500 (\$250) [\$125]	+\$340 (+\$170) [+\$85]	+213% (+213%) [+213%]	N/A

The Office proposes to increase the surcharge for a late maintenance fee payment within six months following the due date. The proposed fee of \$500 for large entities has been reduced from the \$1,000 presented in the September 2018 PPAC hearing. It is the responsibility of the patentee to ensure maintenance fees are paid timely to prevent expiration of a patent. If a maintenance fee is not paid within the first six months in the year in which it can be paid, a Maintenance Fee Reminder notice is sent to the fee address or correspondence address on record. Failure to receive the notice does not shift the burden of monitoring the time for paying a maintenance fee □ from the patentee to the USPTO. At this point, a surcharge is required in addition to the maintenance fee in order to maintain a patent. If the maintenance fee and any applicable surcharge are not paid by the end of the 4th, 8th, or 12th years after the date of issue, the patent rights lapse and a Notice of Patent Expiration is sent to the fee address or correspondence address on record. If a fee address has not been established, the notices are sent to the correspondence address. Over 95 percent of patent renewals are paid before the due date, but some patents are renewed during the six month period following the due date.

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While still below what other IP offices charge, increasing this surcharge brings the USPTO more in line with its global counterparts. The goal of increasing this surcharge is to encourage patent holders to renew prior to the due date. Encouraging on-time renewals will benefit the public by increasing the understanding of which patents remain in force and which patent rights have been allowed to lapse.

The USPTO provides tools to help patent owners monitor due dates, such as the Patent Maintenance Fees Storefront, <https://fees.uspto.gov/MaintenanceFees> (<https://fees.uspto.gov/MaintenanceFees>), where anyone can see the payment windows for all patents. Additionally, customers with USPTO.gov accounts ( *i.e.*, MyUSPTO) can create a “patent docket” and add patent or application numbers in order to keep track of due dates. Also, the weekly Official Gazette notices list the range of patents for which maintenance fees are now payable. In addition, as previously discussed in section III, with the availability of free calendar apps, individuals can easily set up their own reminders of when maintenance fee payments are eligible for renewal (3, 7, 11 years from issue) and when they are due (3.5, 7.5, 11.5 years from issue).

## **(B) REQUEST FOR EXPEDITED EXAMINATION OF A DESIGN APPLICATION FEE**



Table 5—Request for Expedited Examination of a Design Application Fee

<b>Fee description</b>	<b>Current fees Large (small) [micro] entity</b>	<b>Proposed fees Large (small) [micro] entity</b>	<b>Dollar change Large (small) [micro] entity</b>	<b>Percent change Large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>
Request for expedited examination of a design application	\$900 (\$450) [\$225]	\$2,000 (\$1,000) [\$500]	+\$1,100 (+\$550) [+\$225]	+122% (+122%) [+122%]	\$125

The Office proposes to increase the fee to request expedited examination of a design application. This fee was introduced at a fee rate of \$900 in November 2000. The Office is proposing to increase the fee for the first time since its inception, to a rate of \$2,000.

Expedited examination is available to all design applicants who first conduct a preliminary examination search and file a request for expedited treatment accompanied by a fee for the expedited treatment and handling (37 CFR 1.17(k) ([https://www.ecfr.gov/current/title-37/section-1.17#p-1.17\(k\)](https://www.ecfr.gov/current/title-37/section-1.17#p-1.17(k)))) in addition to the required filing, search, and examination fees. This cost-based expedited treatment fulfills a particular need by affording rapid design patent protection that may be especially important where marketplace conditions are such that new designs on articles are typically in vogue for limited periods of time. The applications are individually examined with priority, and the clerical processing is conducted and/or monitored by specially designated personnel to achieve expeditious processing through initial application processing and the Design Examining Group. For a patentable design application, the expedited treatment is a streamlined filing-to-issuance procedure. This procedure further expedites design application processing by decreasing clerical processing time as well as the time spent routing the application between processing steps. Specially designated personnel are required to conduct and/or monitor the expedited clerical processing. Also, expedited design applications may be individually treated throughout the examination process where necessary for expedited treatment, whereas normally, the search phase of design application examination is conducted in groups.

For the first few years following the introduction of this program, requests for expedited examination of a design application were less than one percent of total design filings. In recent years, requests have increased to over two percent of total filings. This increase in demand for this service has forced the Office to choose to cap the program ( *i.e.*, impose limits on the number of expedited examinations it will undertake in a given fiscal year), end the program, or increase the fee. Increasing this optional fee will allow the USPTO to better manage staffing to match demand for this service, while still keeping the service available as an option for those who may benefit from this program.

### **(C) UTILITY PATENT ISSUE AND MAINTENANCE FEES**

Table 6—Utility Patent Issue and Maintenance Fees

<b>Fee description</b>	<b>Current fees Large (small) [micro] entity</b>	<b>Proposed fees Large (small) [micro] entity</b>	<b>Dollar change Large (small) [micro] entity</b>	<b>Percent change Large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>
Utility Issue Fee	\$1,000 (\$500) [\$250]	\$1,200 (\$600) [\$300]	+\$200 (+\$100) [+\$50]	+20% (+20%) [+20%]	\$325
Reissue Issue Fee	\$1,000 (\$500) [\$250]	\$1,200 (\$600) [\$300]	+\$200 (+\$100) [+\$50]	+20% (+20%) [+20%]	\$325
For Maintaining an Original or Any Reissue Patent, Due at 3.5 years	\$1,600 (\$800) [\$400]	\$2,000 (\$1,000) [\$500]	+\$400 (\$800) [\$400]	+25% (+25%) [+25%]	n/a
For Maintaining an Original or Any Reissue Patent, Due at 7.5 years	\$3,600 (\$1,800) [\$900]	\$3,760 (\$1,880) [\$940]	+\$160 (\$80) [\$40]	+4% (+4%) [+4%]	n/a
For Maintaining an Original or Any Reissue Patent, Due at 11.5 years	\$7,400 (\$3,700) [\$1,850]	\$7,700 (\$3,850) [\$1,925]	+\$300 (\$150) [\$75]	+4% (+4%) [+4%]	n/a

In the September 2018 PPAC public hearing, the Office proposed adjusting the issue fees by 20 percent and first stage maintenance fees by 25 percent. These adjustments will mark the first time maintenance fee rates have changed since 2013. Based on the support in the PPAC report, the Office determined to move forward with the proposal to increase the issue fee and maintenance fees as initially proposed. The total package of fees proposed in this NPRM does not significantly impact the balance between front-end and back-end fees. The USPTO continues to set front-end fees below the cost to the Office to provide those services, in order to encourage innovation. Under this proposal, front-end fees for a utility patent with one RCE and lifetime maintenance will continue to be about 18 percent of the total fees paid over the life of a patent ( *see* Table 7). However, as certain technology lifecycles grow shorter, it is important that the USPTO not rely too heavily on fees paid late in the life of a patent. Therefore, the Office proposes to slightly rebalance the back-end fees to recover the initial search and examination costs earlier in the life of the patent.

Table 7—Front-End and Back-End Fee Balance

Fee group	Detailed fee title	Current			Proposed		
		Large entity fee	Percent of total (%)	Group's percent of total (%)	Large entity fee	Percent of total (%)	Group's percent of total (%)
Front End Fees	Filing	\$300	2	18	\$320	2	18
	Search	\$660	4		\$700	4	
Examination	\$760	5		\$800	4		
	1st RCE	\$1,300	8	\$1,360	8		
Back End Fees	Issue	\$1,000	6	16	\$1,200	7	18
	1st Stage Maintenance	\$1,600	10		\$2,000	11	
	2nd Stage Maintenance	\$3,600	22	66	\$3,760	21	64
	3rd Stage Maintenance	\$7,400	45		\$7,700	43	
Total		\$16,620	100	100	\$17,840	100	100



The issue fee for utility and reissue patents is proposed to be increased from \$1,000 to \$1,200, and the first stage maintenance fee is proposed to be increased from \$1,600 to \$2,000. As a result, the combined fees paid for issue and first stage maintenance would increase from 16 percent to 18 percent of the total fees paid for a utility patent with one RCE and lifetime maintenance. However, second and third stage maintenance fees would only increase by 4 percent—less than the across the board adjustment—with second stage increasing from \$3,600 to \$3,760 and third stage increasing from \$7,400 to \$7,700.

The Office determined elasticity estimates for the three maintenance payments for both large and small entities. For all point estimates and confidence intervals, maintenance fees were found to be inelastic, with the first stage being the least elastic of these fees. More detailed information on elasticity estimates can be found at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>) in the document entitled “USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—Description of Elasticity Estimates”.

#### **(D) AIA TRIAL FEES**

Table 8—AIA Trial Fees—Fee Changes and Unit Costs

<b>Fee description</b>	<b>Current fees Large (small) [micro] entity</b>	<b>Proposed fees Large (small) [micro] entity</b>	<b>Dollar change Large (small) [micro] entity</b>	<b>Percent change Large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>
<i>Inter Partes</i> Review Request Fee—Up to 20 Claims	\$15,500	\$19,500	+\$4,000	+26%	\$15,016
<i>Inter Partes</i> Review Post-Institution Fee—Up to 15 Claims *	15,000	n/a	n/a	n/a	24,490
<i>Inter Partes</i> Review Post-Institution Fee—Up to 20 Claims *	n/a	18,750	n/a	n/a	n/a
<i>Inter Partes</i> Review Request of Each Claim in Excess of 20	300	375	+75	+25	n/a
<i>Inter Partes</i> Post-Institution Request of Each Claim in Excess of 15 *	600	n/a	n/a	n/a	n/a
<i>Inter Partes</i> Post-Institution Request of Each Claim in Excess of 20 *	n/a	750	n/a	n/a	n/a
Post-Grant or Covered Business Method Review Request Fee—Up to 20 Claims	16,000	20,000	+4,000	+25	21,465
Post-Grant or Covered Business Method Review Post-Institution Fee—Up to 15 Claims *	22,000	n/a	n/a	n/a	29,842
Post-Grant or Covered Business Method Review Post-Institution Fee—Up to 20 Claims *	n/a	27,500	n/a	n/a	n/a

<b>Fee description</b>	<b>Current fees Large (small) [micro] entity</b>	<b>Proposed fees Large (small) [micro] entity</b>	<b>Dollar change Large (small) [micro] entity</b>	<b>Percent change Large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>
Post-Grant or Covered Business Method Review Request of Each Claim in Excess of 20	375	475	+100	+27	n/a
Post-Grant or Covered Business Method Review Post-Institution Request of Each Claim in Excess of 15 *	825	n/a	n/a	n/a	n/a
Post-Grant or Covered Business Method Review Post-Institution Request of Each Claim in Excess of 20 *	n/a	1,050	n/a	n/a	n/a

\* The post-institutional threshold for paying claims fees will increase from 15 to 20.

On April 24, 2018, the U.S. Supreme Court issued its decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018). As required by the decision, the PTAB will institute a trial as to all claims or none. Previously, the PTAB has instituted a trial on just some claims. This has increased the amount of time spent per case post-institution. The Office has also modified its pre-institution practice to take into account the impacts of the *SAS* decision. For example, prior to *SAS*, the PTAB did not generally address all arguments at institution. Post *SAS*, for purposes of deciding whether to institute trial on a petition, the Office's policy is to provide details to the parties to the extent practicable, including responding to arguments in a patent owner's preliminary response that were not the basis for the decision whether or not to institute. This has increased the amount of time spent per case pre-institution. These changes related to the *SAS* decision will increase the average cost to conduct each proceeding.

Other implementations, such as providing automatic sur-replies and pre-hearing conferences, were made to help provide additional fairness and certainty to the parties and public while continuing the PTAB's practice of rendering high quality decisions within the statutory time limits applicable to AIA trial proceedings; however, these changes, too, have increased the average cost of conducting each proceeding.

The Office proposes that the post-institutional threshold for paying excess claim fees will increase from 15 to 20 so as to match the PTAB's request threshold, reflecting the fact that, following the Supreme Court decision in *SAS*, PTAB is required to institute all claims or none. The Office notes that the fee increases proposed in the NPRM are based on estimates. At this time, best estimates indicate that the average expense attributable to the institution stage of *inter partes* reviews has increased more than 20 percent between the second quarter of FY 2018 (before the *SAS* decision) and the fourth quarter of FY 2018 (following the *SAS* decision), and that the average expense attributable to the final decision stage of *inter partes* reviews has also increased more than 20 percent during the same period. Also, note that the FY 2018 unit costs shown in Table 8 are annual costs, and the PTAB was only operating under the *SAS* decision for part of the year. When the final rule is prepared, USPTO will have more data on how the *SAS* decision has impacted the costs of AIA trials, and the fee rates in the final rule may differ from what is proposed here, in response to the updated information. Additionally, the fee increases the Office is considering are not expected to be implemented until 2021, and the new fees are expected to be in place for several years beyond that; as such, increases of greater than 20 percent are necessary to account for cost increases already experienced as well as future inflationary cost growth. This proposed rulemaking will help the PTAB continue to maintain the appropriate level of judicial and administrative resources to continue to provide high quality and timely decisions for AIA trials.

## **(2) NEW FEES**

### **(A) NON-DOCX FILING SURCHARGE FEE**

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Table 9—Non-DOCX Filing Surcharge Fee—Fee Changes and Unit Cost

<b>Fee description</b>	<b>Current fees Large (small) [micro] entity</b>	<b>Proposed fees Large (small) [micro] entity</b>	<b>Dollar change Large (small) [micro] entity</b>	<b>Percent change Large (small) [micro] entity</b>	<b>FY 2018 unit cost Large (small) [micro] entity</b>
Non-DOCX Filing Surcharge	New	\$400 (200) [100]	+\$400 (+200) [+100]	n/a (n/a) [n/a]	n/a

The Office proposes a new fee to be charged for utility non-provisional applications filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) submitted in a format other than DOCX (structured text). This surcharge will apply to filings that are submitted in an electronic document, such as a PDF, that is not saved in the DOCX format. It will also apply to filings that are submitted non-electronically, in addition to the existing paper filing surcharge. The surcharge is proposed to be introduced for specifications, claims, and abstracts. The submission in DOCX format will facilitate improvements in the efficiency of patent operations.

Using EFS-Web, anyone with a Web-enabled computer can file patent applications and documents without downloading special software or changing document preparation tools and processes. Registering as an EFS-Web eFiler allows enhanced filing, follow-on processing, saved submissions, and more. EFS-Web registered eFilers have been able to file specification, abstract, and claims in DOCX for utility non-provisional filings since August 2017.

Launched in 2015, the eCommerce Modernization (eMod) Project aims to improve the electronic application process for patent applicants by modernizing the USPTO's filing and viewing systems. Recent improvements include implementing structured text functionalities. Structured text allows applicants to more easily submit their documents in text-based documents, rather than having to create PDF documents. This streamlines the application and publication processes for both the applicants and examiners. The Office tested the capabilities of structured text within EFS-Web and PAIR with the eMod Text Pilot Program, which ran from August 2016 until September 2017. The pilot was successful and many improvements were made based on feedback from applicants, which included independent inventors, law firms, and corporations. Structured text features are now available to all EFS-Web registered and Private PAIR users, and include the ability for applicants to file structured text via EFS-Web, and access structured text submissions, structured text office actions, and XML downloads via Private PAIR. Additional information can be found in the associated Submit DOCX and Retrieve DOCX guides. For more information on filing in DOCX, please visit <https://www.uspto.gov/patent/docx> (<https://www.uspto.gov/patent/docx>).

To encourage the filing of more applications in structured text, a required fee surcharge is proposed for applications that do not include DOCX format. This will accelerate the adoption of DOCX to realize a variety of benefits. Both the USPTO and applicants will see increased efficiencies from encouraging DOCX filings. Based on a USPTO survey, over 80 percent of applicants author their patent applications in DOCX in the normal course of business. Filing in structured text allows applicants to submit their specifications, claims, and abstracts in text-based format, and eliminates the need to convert structured text into a PDF for filing. Applicants can access examiner Office actions in text-based format which makes it easy to copy and paste when drafting responses. The availability of structured text also improves accessibility for sight-impaired customers, who use screen reading technology.

DOCX filing provides opportunities to increase efficiency in the Office. It enables development of software to provide automated initial reviews of applicant submissions to help reduce effort required by the Office. The automated reviews can tell applicants up-front if potential problems exist and allow them to make changes prior to or at the time of submission. This also improves validation based on content, such as claims validation for missing claim numbering or abstract validation for word count and paragraph count.

Increased DOCX filing will also lead to higher data quality, by reducing system conversion errors. It provides a flexible format with no template constraints. This also improves data quality by supporting original formats for chemical formulas, mathematical equations, and tables. DOCX filing also improves document



identification by automatic detection, allows for greater reuse of content, and provides improved searching for patent applications and submissions. The originally submitted structured text document is available within Private PAIR, allowing easy retrieval of original DOCX files after transfer of cases between users.

Structured text usage also helps streamline the application process and provides benefits for the USPTO. The Office converts image-based filings ( *e.g.*, PDF documents) into text-based format for internal processing. Text-based filings will allow the Office to skip this time-consuming and costly step. Optical character recognition of image-based filings costs the Office approximately \$3.15 per new submission. Encouraging text-based filings has the potential to save the Office up to \$1.6 million annually. If, in the future, the program were extended to additional application documents besides specifications, claims, and abstracts, the potential savings could reach as much as \$9.0 million annually.

Extensible Markup Language (XML) generated from DOCX files complies with the international World Intellectual Property Office (WIPO) Standard ST.96 from intake through display and use in examination tools. Receiving filings through structured text makes documents automatically available to examiners in almost real-time. DOCX filing also improves examination consistency by using automated tools to analyze text, increases the accuracy of examiner formalities reviews and tools ( *i.e.* claims tree generators, document comparison), and improves results in automated pre-search and future analytics ( *i.e.*, section 112(b) and (f) evaluations) by using text supplied by applicants. DOCX submission contributes to the USPTO's plan to begin the automation of publication processes, which will lead to large cost reductions in production of patent artifacts (grants and pre grant publications), and contributes to the USPTO's plan to begin the automation of processes to assist in formalities reviews, classification, and routing □ which leads to improved patent quality, reduced pendency and greater consistency.

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## **(B) PRO HAC VICE FEES**

Table 10—Pro Hac Vice—Fee Changes and Unit Costs

Fee description	Current fees	Proposed fees	Dollar change	Percent change	FY 2018 unit cost
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	
Fee for non-registered practitioners to appear before the Patent Trial and Appeal Board	New	\$250	+\$250	n/a	n/a

The Office proposes to charge a fee to appear pro hac vice in an AIA trial proceeding. The proposed non-registered practitioner fee is for each proceeding that a non-registered practitioner requests admission to practice. If a non-registered practitioner requests admission to multiple AIA trial proceedings, multiple requests and fees would be required, one for each proceeding. Once a request is granted, the counsel is admitted for the entire duration of a proceeding, which may extend for several years, ( *e.g.*, when an *inter partes* review proceeds to final written decision, and, after appeal to the Federal Circuit, is remanded back to PTAB for further proceedings). By instituting the pro hac vice fee, the Office will be able to shift the cost of this service of processing these requests from the overall AIA trial fees to the requesting, non-USPTO registered counsel.

**(C) ANNUAL ACTIVE PATENT PRACTITIONER FEE**

Table 11—OED and Patent Enrollment—Fee Changes and Unit Costs

Fee description	Current fees	Proposed fees	Dollar change	Percent change	FY 2018 unit cost
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	
Annual Active Patent Practitioner Fee <i>without</i> certifying continuing legal education (CLE) completion	New	\$340	+\$340	n/a	n/a
Annual Active Patent Practitioner Fee <i>with</i> certifying continuing legal education (CLE) completion	New	\$240	+\$240	n/a	n/a
Annual Voluntarily Inactive Fee	New	\$70	+\$70	n/a	n/a

The Office proposes to implement an annual active patent practitioner fee under 37 CFR 1.21 (<https://www.ecfr.gov/current/title-37/section-1.21>) and 11.8 (<https://www.ecfr.gov/current/title-37/section-11.8>).

Currently, the costs of OED's disciplinary and other functions are paid by patent applicants and owners. The Office proposes these fees so that practitioners, who directly benefit from registration, should bear the costs associated with maintaining the integrity of their profession, including the costs of OED's register maintenance and disciplinary functions. This parallels the way many state bars operate where the services of maintaining the bar are often paid by the attorneys who are members of that bar. Accordingly, these fee collections are proposed to shift the costs of the services OED provides practitioners in administering the disciplinary system and register maintenance from patent applicants and owners to the practitioners.

The intent of the proposed annual active patent practitioner fee is to offset the portion of costs of OED's disciplinary and register maintenance operations currently paid by patent applicants and owners. The fees would also serve to fund the Patent Pro Bono Program and the Law School Clinic Certification Program, which increase public access to competent legal representation in IP matters, help enhance the IP legal profession for its members, and serve to make the patent examination process more efficient by decreasing the number of *pro se* applicants. In addition, the fee would help to cover the costs of increased outreach efforts, including speaking engagements and providing additional training opportunities to help patent practitioners receive the CLE discount, as discussed below.

The fee, as proposed, would not cover services provided to trademark practitioners and applicants, and therefore, the amount collected from patent practitioners would only be used to cover OED's patent-related functions. To determine the appropriate annual fee rates, the USPTO engaged in an analysis of OED's costs currently paid by patent applicants and owners, as well as the expected costs of implementing the annual fee. The calculation of the annual fee rates was based upon the annual OED budget after subtracting contributions from trademark operations and contributions from enrollment fee collections, and adding in the costs of implementing the fee and the costs of outreach programs. The calculation was also based on amortizing the IT costs of the implementation of the annual fee over the first three years the fee is collected. In determining the proper fee amount to offset these costs, OED estimated its annual fee collections based on the projected number of registered practitioners who will pay each fee (or be removed from the register) during the year the annual fee is first collected. The estimated collections are based on the current number of registered practitioners and an estimation of how many practitioners are expected to be added to the register between now and when the fee is implemented.

Furthermore, increasing the predictability and reliability of patents  is critical to incentivizing innovation. CLE serves to enhance practitioners' legal skills. Ideally, when practitioners are well-trained and well-educated in patent law and practice, higher quality applications are filed, prosecution is more efficient, and patent grants become stronger, more reliable, and more predictable. It is also critical that patent examiners be able to maintain the pace of their examination process while ensuring that patent quality is preserved. Accordingly, through the encouragement of practitioner CLE by offering a \$100 annual fee discount as well as recognition on OED's public practitioner search page, the patent system should benefit greatly.

The USPTO intends to coordinate the delivery of CLE programs, assess whether third party CLE programs are adequate, and make the completion of CLE—whether offered by the USPTO or third parties—as convenient as possible for practitioners to complete, while ensuring that practitioners receive the training necessary to stay up to date with current ethics and patent law and practice.

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## **ANNUAL ACTIVE PATENT PRACTITIONER FEE**

Each year, registered practitioners, as well as individuals granted limited recognition under 37 CFR 11.9(b) ([https://www.ecfr.gov/current/title-37/section-11.9#p-11.9\(b\)](https://www.ecfr.gov/current/title-37/section-11.9#p-11.9(b))), will be, on or before a date to be set by the OED Director, required to pay to the OED Director an annual active patent practitioner fee. Adequate notice will be published and sent to practitioners in advance of the due date for payment of the fee. Payment will be for the calendar year in which the annual active patent practitioner fee is assessed. Practitioners will be required to pay the fee electronically through the USPTO's online payment system.

Persons newly registered or granted limited recognition will not be liable for the annual active practitioner fee during the calendar year in which they are first registered or granted limited recognition. Practitioners who are endorsed on the register as administratively inactive or in emeritus status will not be liable for the annual active practitioner fee. Law school students participating in the USPTO Law School Clinic Certification Program who are granted limited recognition to practice before the Office in patent matters pursuant to 37 CFR 11.16(d) ([https://www.ecfr.gov/current/title-37/section-11.16#p-11.16\(d\)](https://www.ecfr.gov/current/title-37/section-11.16#p-11.16(d))) will not be liable for the annual active practitioner fee. Practitioners who are endorsed on the register as voluntarily inactive will be liable for a fee of \$70 per year to cover OED's administrative costs in maintaining the register and updating their information. Practitioners may apply to become active by paying the reinstatement fee and making their request to the OED Director, as set forth below.

## **EMERITUS STATUS**

The USPTO proposes to create a new emeritus status for practitioners. The new emeritus status would allow active patent practitioners who have been registered for ten or more years to elect emeritus status, provided they are not under investigation at the time they elect such a status. Emeritus practitioners may not practice in patent matters, with the exception of *pro bono* matters through the USPTO Patent Pro Bono Program in which they do not receive compensation. A practitioner in emeritus status will not be required to pay the annual fee, but will remain under the disciplinary jurisdiction of the OED Director.

## **CONTINUING LEGAL EDUCATION (CLE)**

The USPTO proposes to provide a \$100 discount for registered practitioners or persons granted limited recognition who certify completion of six hours of continuing legal education in the twenty four months preceding payment of the fee, including five hours of patent law and practice and one hour of ethics credit. Practitioners would be asked to certify whether or not they have completed the recommended number of CLE hours over the past twenty four months at the time they pay their annual active patent practitioner fee, as set forth below.

The USPTO proposes that a registered practitioner or person granted limited recognition may earn up to two of the five hours of CLE in patent law and practice toward the CLE discount by participating in the USPTO Patent Pro Bono Program. For every three hours of *pro bono* service, a patent practitioner may earn one hour of CLE credit toward the annual active patent practitioner fee discount.

## **LATE PAYMENT**

Failure to pay the annual fee by the due date may result in the practitioner being charged a delinquency fee and being subject to administrative suspension. Specifically, if a registered practitioner, or person granted limited recognition pursuant to 37 CFR 11.9(b) ([https://www.ecfr.gov/current/title-37/section-11.9#p-11.9\(b\)](https://www.ecfr.gov/current/title-37/section-11.9#p-11.9(b))), fails to pay the annual fee by the due date, the OED Director will publish and send a notice to the practitioner advising him or her of the nonpayment, the consequence of being administratively suspended,



and the requirements for reinstatement. The notice will request payment of the annual fee and a \$50 delinquency fee, as set forth in 37 CFR 1.21(a)(9)(i) ([https://www.ecfr.gov/current/title-37/section-1.21#p-1.21\(a\)\(9\)\(i\)](https://www.ecfr.gov/current/title-37/section-1.21#p-1.21(a)(9)(i))), within 60 days after the date of such notice.

If a practitioner fails to comply with the notice within the time allowed, the OED Director will then publish and send to the practitioner a Rule to Show Cause why his or her registration should not be administratively suspended. The OED Director shall file a copy of the Rule to Show Cause with the USPTO Director. The practitioner will be given 30 days from the date of the Rule to Show Cause to file a response with the USPTO Director. The response should address any factual and legal bases why the practitioner should not be administratively suspended. Within ten days of receiving a copy of the response, the OED Director may file a reply with the USPTO Director. The USPTO Director will enter an order either dismissing the Rule to Show Cause or administratively suspending the registered practitioner. Administratively suspended practitioners will continue to be assessed the annual active patent practitioner fee during the period of their suspension.

## **REINSTATEMENT**

The sections referring to reinstatement from administratively inactive status remain unchanged. The reinstatement sections relating to other statuses are set forth below.

## **ADMINISTRATIVELY SUSPENDED**

Pursuant to 37 CFR 11.11(f)(1) ([https://www.ecfr.gov/current/title-37/section-11.11#p-11.11\(f\)\(1\)](https://www.ecfr.gov/current/title-37/section-11.11#p-11.11(f)(1))), any registered practitioner, or person granted limited recognition, who has been administratively suspended for less than five years may be reinstated on the register provided the practitioner is not a party to a disciplinary proceeding. To apply for reinstatement, the practitioner will need to submit an application form supplied by the OED, demonstrate compliance with the provisions of § 11.7(a)(2)(i) and submit a declaration or affidavit attesting to the fact that the practitioner has read the most recent revisions of the patent laws and the rules of practice before the Office; and pay the fees set forth in § 1.21(a)(9)(ii), and all outstanding fees as set forth in § 1.21(a)(8), as well as any applicable delinquency fees as set forth in § 1.21(a)(9)(i), for each year the practitioner is administratively suspended.

Any administratively suspended registered practitioner or person granted limited recognition who fails to make these complete payments within five years of the effective date of the suspension for nonpayment shall be required to file a petition to the OED Director requesting reinstatement and providing objective evidence that they  continue to possess the necessary legal qualifications to render valuable service to patent applicants.

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## **VOLUNTARILY INACTIVE**

Any registered practitioner whose name has been endorsed as voluntarily inactive may be reinstated on the register provided the practitioner: (i) Is not a party to a disciplinary proceeding; (ii) has applied for reinstatement on an application form supplied by the OED Director; (iii) has demonstrated compliance with the provisions of § 11.7(a)(2)(i) and (iii); (iv) submits a declaration or affidavit attesting to the fact that the practitioner has read the most recent revisions of the patent laws and the rules of practice before the Office; (v) has paid the fees set forth in § 1.21(a)(9)(ii); (vi) is not currently administratively suspended; and (vii) has paid all outstanding fees as set forth in § 1.21(a)(7), as well as any applicable delinquency fees as set forth in 37 CFR 1.21(a)(9)(i) ([https://www.ecfr.gov/current/title-37/section-1.21#p-1.21\(a\)\(9\)\(i\)](https://www.ecfr.gov/current/title-37/section-1.21#p-1.21(a)(9)(i))), for each year the practitioner is voluntarily inactive. A practitioner will be subject to investigation and discipline for his or her conduct that occurred prior to, during, or after the period of his or her voluntary inactivation.

**EMERITUS**

Practitioners who have elected emeritus status may be restored to active status by filing a request for reinstatement with the OED Director and paying the \$210 reinstatement fee and the \$70 inactive fee for each year they were in emeritus status.

**C. Discontinued Fees**

This section describes fees that are proposed to be discontinued. The purpose of this proposed action is to help streamline the patent fee schedule, while also focusing USPTO workforce efforts on producing products that benefit the general public, rather than producing outputs for individual customers. The Office does not capture historical cost information for these proposed discontinued fees.

Table 12—Discontinued Fees

<b>Fee description</b>	<b>Current fees Large (small) [micro] entity</b>	<b>Proposed fees Large (small) [micro] entity</b>	<b>Dollar change Large (small) [micro] entity</b>	<b>Percent change Large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>
Copy of Patent Technology Monitoring Team (PTMT) patent bibliographic extract and other DVD (optical disc) (currently at § 1.19(j))	\$50	Discontinue	-\$50	n/a	n/a
Copy of U.S. patent custom data extracts (currently at § 1.19(k))	\$100	Discontinue	-\$100	n/a	n/a
Copy of selected technology reports, miscellaneous technology areas (currently at § 1.19(l))	\$30	Discontinue	-\$30	n/a	n/a

In January 2018, to comply with Presidential Executive Order 13681 (</executive-order/13681>), Improving the Security of Consumer Financial Transactions, select computer service fees were discontinued and the services made free. These proposed changes follow that trend. The above proposed service fees will be eliminated and the Office will instead provide these services, in a slightly modified form ( *i.e.*, electronic), for free.

The first fee proposed for discontinuation is the current 37 CFR 1.19(j) ([https://www.ecfr.gov/current/title-37/section-1.19#p-1.19\(j\)](https://www.ecfr.gov/current/title-37/section-1.19#p-1.19(j))) fee for a copy of Patent Technology Monitoring Team, or PTMT, patent bibliographic extract and other DVDs. PTMT patent bibliographic data is currently available online for free, curtailing the need for USPTO to send out extracts on disc.

The second fee proposed for discontinuation is the current 37 CFR 1.19(k) ([https://www.ecfr.gov/current/title-37/section-1.19#p-1.19\(k\)](https://www.ecfr.gov/current/title-37/section-1.19#p-1.19(k))) fee for a copy of U.S. patent custom data extracts. With the elimination of this service fee, USPTO would create the common customizations and release them online, free to the public, at the same time the data is released. Further customizations would be discontinued. Additionally, PatentsView ( <http://www.patentsview.org> (<http://www.patentsview.org>)), while not an official USPTO data source, meets many of the needs for those requesting custom data extracts, at no charge to the consumer.

The third fee proposed for discontinuation is the current 37 CFR 1.19(l) ([https://www.ecfr.gov/current/title-37/section-1.19#p-1.19\(l\)](https://www.ecfr.gov/current/title-37/section-1.19#p-1.19(l))) fee for a copy of selected technology reports in miscellaneous technology areas. Selected technology reports are currently available online for free, curtailing the need for USPTO to send out paper copies of the reports.

## VI. Discussion of Specific Rules

The following section shows the Code of Federal Regulations (CFR) proposed fee amendments. The discussion below includes all proposed fee amendments, all proposed fee discontinuations, and all proposed changes to the CFR text.

Title 37 of the CFR (<https://www.ecfr.gov/current/title-37>), parts 1, 11, 41, and 42, are proposed to be amended as follows:

*Section 1.16* is proposed to be amended by revising paragraphs (a) through (e), (h), (j), (k), and (m) through (s) and adding paragraph (u) to set forth the application filing, excess claims, search, and examination fees for patent applications filed as authorized under Section 10 of the Act. The changes to the fee amounts indicated in § 1.16 are shown in Table 13.

Table 13—CFR Section 1.16 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.16(a)	1011/2011/3011	Basic Filing Fee—Utility	300	150	75	320	160	80
1.16(a)	4011	Basic Filing Fee—Utility (electronic filing for small entities)	n/a	75	n/a	n/a	80	n/a
1.16(b)	1012/2012/3012	Basic Filing Fee—Design	200	100	50	220	110	55
1.16(b)	1017/2017/3017	Basic Filing Fee—Design (CPA)	200	100	50	220	110	55
1.16(c)	1013/2013/3013	Basic Filing Fee—Plant	200	100	50	220	110	55
1.16(d)	1005/2005/3005	Provisional Application Filing Fee	280	140	70	300	150	75
1.16(e)	1014/2014/3014	Basic Filing Fee—Reissue	300	150	75	320	160	80
1.16(e)	1019/2019/3019	Basic Filing Fee—Reissue (Design CPA)	300	150	75	320	160	80
1.16(h)	1201/2201/3201	Independent Claims in Excess of Three	460	230	115	480	240	120
1.16(h)	1204/2204/3204	Reissue Independent Claims in Excess of Three	460	230	115	480	240	120
1.16(j)	1203/2203/3203	Multiple Dependent Claim	820	410	205	860	430	215
1.16(k)	1111/2111/3111	Utility Search Fee	660	330	165	700	350	175
1.16(m)	1113/2113/3113	Plant Search Fee	420	210	105	440	220	110
1.16(n)	1114/2114/3114	Reissue Search Fee	660	330	165	700	350	175
1.16(o)	1311/2311/3311	Utility Examination Fee	760	380	190	800	400	200
1.16(p)	1312/2312/3312	Design Examination Fee	600	300	150	640	320	160
1.16(q)	1313/2313/3313	Plant Examination Fee	620	310	155	660	330	165

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.16(r)	1314/2314/3314	Reissue Examination Fee	2,200	1,100	550	2,320	1,160	580
1.16(s)	1081/2081/3081	Utility Application Size Fee—for Each Additional 50 Sheets That Exceeds 100 Sheets	400	200	100	420	210	105
1.16(s)	1081/2081/3081	Design Application Size Fee—for Each Additional 50 Sheets That Exceeds 100 Sheets	400	200	100	420	210	105
1.16(s)	1081/2081/3081	Plant Application Size Fee—for Each Additional 50 Sheets That Exceeds 100 Sheets	400	200	100	420	210	105
1.16(s)	1081/2081/3081	Reissue Application Size Fee—for Each Additional 50 Sheets That Exceeds 100 Sheets	400	200	100	420	210	105
1.16(s)	1081/2081/3081	Provisional Application Size Fee—for Each Additional 50 Sheets That Exceeds 100 Sheets	400	200	100	420	210	105
1.16(u)	NEW	Non-DOCX Filing Surcharge Fee	n/a	n/a	n/a	400	200	100



*Section 1.17:* Section 1.17 is proposed to be amended by revising paragraphs (a), (c) through (g), (i)(2), (k), (m), (p), (r), and (s) to set forth the application processing fees as authorized under Section 10 of the Act. The changes to the fee amounts indicated in § 1.17 are shown in Table 14.

Table 14—CFR Section 1.17 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed (dollars)	
			Large	Small	Micro	Large	Small
1.17(a) (1)	1251/2251/3251	Extension for Response Within First Month	200	100	50	220	110
1.17(a) (2)	1252/2252/3252	Extension for Response Within Second Month	600	300	150	640	320
1.17(a) (3)	1253/2253/3253	Extension for Response Within Third Month	1,400	700	350	1,480	740
1.17(a) (4)	1254/2254/3254	Extension for Response Within Fourth Month	2,200	1,100	550	2,320	1,160
1.17(a) (5)	1255/2255/3255	Extension for Response Within Fifth Month	3,000	1,500	750	3,160	1,580
1.17(c)	1817/2817/3817	Request for Prioritized Examination	4,000	2,000	1,000	4,200	2,100
1.17(d)	1819/2819/3819	Correction of Inventorship After First Action on Merits	600	300	150	640	320
1.17(e) (1)	1801/2801/3801	Request for Continued Examination (RCE) (1st request) ( <i>see</i> 37 CFR 1.114 ( <a href="https://www.ecfr.gov/current/title-37/section-1.114">https://www.ecfr.gov/current/title-37/section-1.114</a> ))	1,300	650	325	1,360	680
1.17(e) (2)	1820/2820/3820	Request for Continued Examination (RCE) (2nd and subsequent request)	1,900	950	475	2,000	1,000
1.17(f)	1462/2462/3462	Petitions Requiring the Petition Fee Set Forth in 37 CFR 1.17(f) ( <a href="https://www.ecfr.gov/current/title-37/section-1.17#p-1.17(f)">https://www.ecfr.gov/current/title-37/section-1.17#p-1.17(f)</a> ) (Group I)	400	200	100	420	210
1.17(g)	1463/2463/3463	Petitions Requiring the Petition Fee Set Forth in 37 CFR 1.17(g) ( <a href="https://www.ecfr.gov/current/title-37/section-1.17#p-1.17(g)">https://www.ecfr.gov/current/title-37/section-1.17#p-1.17(g)</a> ) (Group II)	200	100	50	220	110
1.17(i) (2)	1803/2803/3803	Request for voluntary publication or republication	130	130	130	140	140
1.17(i) (2)	1808/2808/3808	Other Publication Processing Fee	130	130	130	140	140

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)	
			Large	Small	Micro	Large	Small
1.17(k)	1802/2802/3802	Request for Expedited Examination of a Design Application	900	450	225	2,000	1,000
1.17(m)	1453/2453/3453	Petition for revival of an abandoned application for a patent, for the delayed payment of the fee for issuing each patent, or for the delayed response by the patent owner in any reexamination proceeding	2,000	1,000	500	2,100	1,050
1.17(m)	1454/2454/3454	Petition for the Delayed Submission of a Priority or Benefit Claim	2,000	1,000	500	2,100	1,050
1.17(m)	1784/2784/3784	Petition to Excuse Applicant's Failure to Act Within Prescribed Time Limits in an International Design Application	2,000	1,000	500	2,100	1,050
1.17(m)	1558/2558/3558	Petition for the Delayed Payment of the Fee for Maintaining a Patent in Force	2,000	1,000	500	2,100	1,050
1.17(p)	1806/2806/3806	Submission of an Information Disclosure Statement	240	120	60	260	130
1.17(r)	1809/2809/3809	Filing a Submission After Final Rejection ( <i>see</i> 37 CFR 1.129(a) ( <a href="https://www.ecfr.gov/current/title-37/section-1.129#p-1.129(a)">https://www.ecfr.gov/current/title-37/section-1.129#p-1.129(a)</a> ))	840	420	210	880	440
1.17(s)	1810/2810/3810	For Each Additional Invention to be Examined ( <i>see</i> 37 CFR 1.129(b) ( <a href="https://www.ecfr.gov/current/title-37/section-1.129#p-1.129(b)">https://www.ecfr.gov/current/title-37/section-1.129#p-1.129(b)</a> ))	840	420	210	880	440

*Section 1.18:* Section 1.18 is proposed to be amended by revising paragraphs (a) through (f) to set forth the patent issue fees as authorized under Section 10 of the Act. The changes to the fee amounts indicated in § 1.18 are shown in Table 15.

Table 15—CFR Section 1.18 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.18(a)(1)	1501/2501/3501	Utility Issue Fee	1,000	500	250	1,200	600	300
1.18(a)(1)	1511/2511/3511	Reissue Issue Fee	1,000	500	250	1,200	600	300
1.18(b)(1)	1502/2502/3502	Design Issue Fee	700	350	175	740	370	185
1.18(c)(1)	1503/2503/3503	Plant Issue Fee	800	400	200	840	420	210
1.18(d) (3)	1505/2505/3505	Publication Fee for Republication	300	300	300	320	320	320
1.18(e)	1455/2455/3455	Filing an Application for Patent Term Adjustment	200	200	200	210	210	210
1.18(f)	1456/2456/3456	Request for Reinstatement of Term Reduced	400	400	400	420	420	420

*Section 1.19:* Section 1.19 is proposed to be amended by revising paragraphs (b)(1)(i)(B) and (b)(1)(ii)(B), and by removing and reserving paragraphs (j) through (l) to set forth the patent document supply fees as authorized under Section 10 of the Act. The changes to the fee amounts indicated in § 1.19 are shown in Table 16.



Table 16—CFR Section 1.19 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.19(b)(1)(i)(B)	8051	Copy Patent File Wrapper, Paper Medium, Any Number of Sheets	280	280	280	290	290	290
1.19(b)(1)(ii)(B)	8052	Copy Patent File Wrapper, Electronic Medium, Any Size or Provided Electronically	55	55	55	60	60	60
1.19(j)	8057	Copy of Patent Technology Monitoring Team (PTMT) patent bibliographic extract and other DVD (optical disc)	50	50	50	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
1.19(k)	8058	Copy of U.S. patent custom data extracts	100	100	100	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
1.19(l)	8059	Copy of selected technology reports, miscellaneous technology areas	30	30	30	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro

<sup>1</sup> *discontinue.*

*Section 1.20:* Section 1.20 is proposed to be revised to set forth post issuance fees as authorized under Section 10 of the Act. The changes to the fee amounts indicated in § 1.20 are shown in Table 17.

Table 17—CFR Section 1.20 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)	
			Large	Small	Micro	Large	Small
1.20(a)	1811/2811/3811	Certificate of Correction	150	150	150	160	160
1.20(b)	1816/2816/3816	Processing Fee for Correcting Inventorship in a Patent	150	150	150	160	160
1.20(c)(1)	1831/2831/3831	<i>Ex Parte</i> Reexamination (§ 1.510(a)) in forty (40) or fewer pages	6,000	3,000	1,500	6,300	3,150
1.20(c)(2)	1812/2812/3812	<i>Ex Parte</i> Reexamination (§ 1.510(a)) in forty-one (41) or more pages	12,000	6,000	3,000	12,600	6,300
1.20(c)(7)	1812/2812/3812	Refused request for <i>ex parte</i> Reexamination	3,600	1,800	900	3,780	1,890
1.20(c)(3)	1821/2821/3821	Reexamination Independent Claims in Excess of Three and also in Excess of the Number of Such Claims in the Patent Under Reexamination	460	230	115	480	240
1.20(c)(5)	1824/2824/3824	Petitions in a Reexamination Proceeding, Except for those Specifically Enumerated in 37 CFR 1.550(i) ( <a href="https://www.ecfr.gov/current/title-37/section-1.550#p-1.550(i)">https://www.ecfr.gov/current/title-37/section-1.550#p-1.550(i)</a> ) and 1.937(d) ( <a href="https://www.ecfr.gov/current/title-37/section-1.937#p-1.937(d)">https://www.ecfr.gov/current/title-37/section-1.937#p-1.937(d)</a> )	1,940	970	485	2,040	1,020
1.20(d)	1814/2814/3814	Statutory Disclaimer, Including Terminal Disclaimer	160	160	160	170	170
1.20(e)	1551/2551/3551	For Maintaining an Original or Any Reissue Patent, Due at 3.5 years	1,600	800	400	2,000	1,000
1.20(f)	1552/2552/3552	For Maintaining an Original or Any Reissue Patent, Due at 7.5 years	3,600	1,800	900	3,760	1,880
1.20(g)	1553/2553/3553	For Maintaining an Original or Any Reissue Patent, Due at 11.5 years	7,400	3,700	1,850	7,700	3,850
1.20(h)	1554/2554/3554	Surcharge—3.5 year—Late Payment Within 6 Months	160	80	40	500	250

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)	
			Large	Small	Micro	Large	Small
1.20(h)	1555/2555/3555	Surcharge—7.5 year—Late Payment Within 6 Months	160	80	40	500	250
1.20(h)	1556/2556/3556	Surcharge—11.5 year—Late Payment Within 6 Months	160	80	40	500	250
1.20(j) (1)	1457/2457/3457	Extension of Term of Patent	1,120	1,120	1,120	1,180	1,180
1.20(j) (2)	1458/2458/3458	Initial Application for Interim Extension ( <i>see</i> 37 CFR 1.790 ( <a href="https://www.ecfr.gov/current/title-37/section-1.790">https://www.ecfr.gov/current/title-37/section-1.790</a> ))	420	420	420	440	440
1.20(j) (3)	1459/2459/3459	Subsequent Application for Interim Extension ( <i>see</i> 37 CFR 1.790 ( <a href="https://www.ecfr.gov/current/title-37/section-1.790">https://www.ecfr.gov/current/title-37/section-1.790</a> ))	220	220	220	230	230
1.20(k) (1)	1826/2826/3826	Request for Supplemental Examination	4,400	2,200	1,100	4,620	2,310
1.20(k) (2)	1827/2827/3827	Reexamination Ordered as a Result of Supplemental Examination	12,100	6,050	3,025	12,700	6,350
1.20(k) (3)(ii)	1829/2829/3829	Supplemental Examination Document Size Fee—for Each Additional 50 Sheets or a Fraction Thereof in a Nonpatent Document	280	140	70	300	150

*Section 1.21:* Section 1.21 is proposed to be amended by adding paragraphs (a)(7) and (8) and revising paragraphs (a)(1), (2), and (5), (a)(9)(ii), (a)(10), (k), (n), (o), and (q) to set forth miscellaneous fees and charges as authorized under Section 10 of the Act. The changes to the fee amounts indicated in § 1.21 are shown in Table 18.

The USPTO proposes to add paragraph (a)(7) to § 1.21 to create a voluntary inactive fee of \$70, to be paid by registered practitioners and persons granted limited recognition who are endorsed on the register as voluntarily inactive.

The USPTO proposes to add paragraph (a)(8) to § 1.21 to create an annual active patent practitioner fee. Paragraph (a)(8)(i) of § 1.21 is proposed to set a discounted fee of \$240 for registered practitioners and persons granted limited recognition under 37 CFR 11.9(b) ([https://www.ecfr.gov/current/title-37/section-11.9#p-11.9\(b\)](https://www.ecfr.gov/current/title-37/section-11.9#p-11.9(b))) who certify to the OED Director that they have completed six hours of continuing legal education within the past 24 months. Paragraph (a)(8)(ii) of § 1.21 is proposed to set a fee of \$340 for registered practitioners and persons granted limited recognition under 37 CFR 11.9(b) ([https://www.ecfr.gov/current/title-37/section-11.9#p-11.9\(b\)](https://www.ecfr.gov/current/title-37/section-11.9#p-11.9(b))) who do not certify to the OED Director that they have completed six hours of continuing legal education within the past 24 months.

The USPTO proposes to amend paragraph (o) of § 1.21 to clarify the applicability of its provisions. The USPTO proposes to specify that the mega-sequence listing fee applies to applications filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) and 371 (<https://www.govinfo.gov/link/uscode/35/371>) to clarify that the fee applies to provisional applications, nonprovisional applications, and national stage applications; the fee does not apply to international applications filed with the U.S. Receiving Office (RO/US). Furthermore, because a sequence listing in a national stage application may be received by the USPTO from the International Bureau in accordance with PCT Article 20, rather than directly submitted to the USPTO by the applicant, the USPTO proposes to specifically provide that the mega-sequence listing fee applies to such receipt. The USPTO further proposes to clarify that the fee applies to only the first submission or receipt of a sequence listing in electronic form having a size ranging from 300 MB to 800 MB and to the first submission or receipt of a sequence listing in electronic form having a size over 800 MB. Thus, an applicant will not be charged the mega-sequence listing fee for the submission of a substitute or replacement electronic form of the sequence listing ( *see* 37 CFR 1.825 (<https://www.ecfr.gov/current/title-37/section-1.825>)) unless the size of the substitute or replacement electronic form sequence listing is subject to the provisions of a different paragraph of § 1.21(o) ( *e.g.*, the first sequence listing in an application is between 300 MB and 800 MB, and a replacement sequence listing is greater than 800 MB). Finally, the USPTO proposes to specify that for purposes of determining the fee required under § 1.21(o), the size of the electronic form of the sequence listing is measured without file compression.



Table 18—CFR Section 1.21 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.21(a) (1)(i)	9001	Application Fee (non-refundable)	100	100	100	110	110	110
1.21(a) (1)(ii) (A)	9010	For Test Administration by Commercial Entity	200	200	200	210	210	210
1.21(a) (1)(ii) (B)	9011	For Test Administration by the USPTO	450	450	450	470	470	470
1.21(a) (1)(iii)	9029	For USPTO-Administered Review of Registration Examination	450	450	450	470	470	470
1.21(a) (2)(i)	9003	On Registration to Practice Under § 11.6	200	200	200	210	210	210
1.21(a) (2)(ii)	9026	On Grant of Limited Recognition under § 11.9(b)	200	200	200	210	210	210
1.21(a) (2)(iii)	9025	On change of registration from agent to attorney	100	100	100	110	110	110
1.21(a) (5)(i)	9012	Review of Decision by the Director of Enrollment and Discipline under § 11.2(c)	400	400	400	420	420	420
1.21(a) (5)(ii)	9013	Review of Decision of the Director of Enrollment and Discipline under § 11.2(d)	400	400	400	420	420	420
1.21(a) (7)	NEW	Inactive Patent Practitioner Fee	n/a	n/a	n/a	70	70	70

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.21(a)(8)(i)	NEW	Annual Active Practitioner Fee with certifying continuing legal education completion	n/a	n/a	n/a	240	240	240
1.21(a)(8)(ii)	NEW	Annual Active Practitioner Fee without certifying continuing legal education completion	n/a	n/a	n/a	340	340	340
1.21(a)(9)(ii)	9004	Administrative Reinstatement Fee	200	200	200	210	210	210
1.21(a)(10)	9014	On petition for reinstatement by a person excluded or suspended on ethical grounds, or excluded on consent from practice before the Office	1,600	1,600	1,600	1,680	1,680	1,680
1.21(k)	9024	Unspecified other services, excluding labor	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
1.21(n)	8026	Handling Fee for Incomplete or Improper Application	130	130	130	140	140	140
1.21(o)(1)	1091/2091/3091	Submission of sequence listings ranging in size of 300 MB to 800 MB	1,000	500	250	1,060	530	265
1.21(o)(2)	1092/2092/3092	Submission of sequence listings exceeding 800 MB	10,000	5,000	2,500	10,500	5,250	2,625
1.21(q)	8054	Additional Fee for Expedited Service	160	160	160	170	170	170

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro

<sup>1</sup> No Cost.

*Section 1.27:* Section 1.27 is proposed to be amended by revising the introductory text of paragraph (a)(3) to provide that the payment, by any party, of the exact amount of the small entity transmittal fee set forth in § 1.1031(a) will be treated as a written assertion of entitlement to small entity status. The proposed change to § 1.27(a)(3) will make it easier for applicants filing an international design application through the USPTO as an office of indirect filing to establish small entity status.

*Section 1.431:* Section 1.431 is proposed to be amended by revising paragraph (c) to remove reference to the late payment fee calculation under PCT Rule 16 *bis.* 2. The late payment fee pursuant to PCT Rule 16 *bis.* 2 is proposed to be added to § 1.445, as that provision concerns international application filing, processing and search fees.

*Section 1.445:* Section 1.445 is proposed to be amended by revising paragraphs (a) to set forth international filing, processing, and search fees and charges as authorized under Section 10 of the Act. The changes to the fee amounts indicated in 37 CFR 1.445 (<https://www.ecfr.gov/current/title-37/section-1.445>) are shown in Table 19. Section 1.445(a) is also proposed to be amended to include the late payment fee pursuant to PCT Rule 16 *bis.* 2. See discussion of § 1.431, *supra*.

Table 19—CFR Section 1.445 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			La
			Large	Small	Micro	
1.445(a) (1)(i)(A)	1601/2601/3601	Transmittal Fee	240	120	60	4
1.445(a) (2)(i)	1602/2602/3602	Search Fee—Regardless of Whether There is a Corresponding Application ( <i>see</i> 35 U.S.C. 361(d) ( <a href="https://www.govinfo.gov/link/uscode/35/361">https://www.govinfo.gov/link/uscode/35/361</a> ) and PCT Rule 16)	2,080	1,040	520	2,
1.445(a) (3)(i)	1604/2604/3604	Supplemental Search Fee When Required, per Additional Invention	2,080	1,040	520	2,
1.445(a) (4)(i)	1621/2621/3621	Transmitting Application to Intl. Bureau to Act as Receiving Office	240	120	60	4
1.445(a) (5)	1627/2627/3627	Late Furnishing Fee for Providing a Sequence Listing in Response to an Invitation Under PCT Rule 13ter	300	150	75	4

*Section 1.482:* Section 1.482 is proposed to be amended by revising paragraphs (a) and (c) to read as set out in the regulatory text at the end of this document. The changes to the fee amounts indicated in § 1.482 are shown in Table 20. □

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Table 20—CFR Section 1.482 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.482(a)(1)(i)	1605/2605/3605	Preliminary Examination Fee—U.S. Was the ISA	600	300	150	640	320	160
1.482(a)(1)(ii)	1606/2606/3606	Preliminary Examination Fee—U.S. Was Not the ISA	760	380	190	800	400	200
1.482(a)(2)(i)	1607/2607/3607	Supplemental Examination Fee per Additional Invention	600	300	150	640	320	160
1.482(c)	1627/2627/3627	Late Furnishing Fee for Providing a Sequence Listing in Response to an Invitation Under PCT Rule 13ter	300	150	75	320	160	80

*Section 1.492:* Section 1.492 is proposed to be amended by revising paragraphs (a), (b)(3) and (4), (c)(2), (d), (f), (h), and (j) to set forth the application filing, excess claims, search, and examination fees for international patent applications entering the national stage as authorized under Section 10 of the Act. The changes to the fee amounts indicated in § 1.492 are shown in Table 21.

Table 21—CFR Section 1.492 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.492(a)	1631/2631/3631	Basic PCT National Stage Fee	300	150	75	320	160	80
1.492(b)(3)	1642/2642/3642	PCT National Stage Search Fee—Search Report Prepared and Provided to USPTO	520	260	130	540	270	135
1.492(b)(4)	1632/2632/3632	PCT National Stage Search Fee—All Other Situations	660	330	165	700	350	175
1.492(c)(2)	1633/2633/3633	National Stage Examination Fee—All Other Situations	760	380	190	800	400	200
1.492(d)	1614/2614/3614	PCT National Stage Claims—Extra Independent (over three)	460	230	115	480	240	120
1.492(f)	1616/2616/3616	PCT National Stage Claims—Multiple Dependent	820	410	205	860	430	215
1.492(h)	1617/2617/3617	Search fee, examination fee or oath or declaration after the date of commencement of the national stage	140	70	35	160	80	40
1.492(j)	1681/2681/3681	National Stage Application Size Fee—for Each Additional 50 Sheets That Exceeds 100 Sheets	400	200	100	420	210	105

*Section 11.8:* The USPTO proposes to add paragraph (d) to § 11.8 to establish a new fee to be paid annually by practitioners. Paragraph (d)(1) of § 11.8 is proposed to require registered practitioners and persons granted limited recognition under § 11.9(b) to pay the fee to the OED Director each year, beginning the year after they are registered or granted limited recognition. Paragraph (d)(2) of § 11.8 is proposed to explain that failure to comply with paragraph (d)(1) may result in being charged a delinquency fee, administrative suspension as set forth in § 11.11(b), or both.

The USPTO proposes to add paragraph (d)(3)(i) to § 11.8 to provide for a discount for registered practitioners or persons granted limited recognition who certify completion of six hours of continuing legal education credit in the preceding twenty-four months, including five hours of patent law and practice and one hour of ethics. To receive the discount, practitioners would be asked to certify that they completed the recommended number of CLE hours at the time they pay their annual active patent practitioner fee. Generally, the same types of courses and activities that qualify for CLE credit in another state will qualify for credit for purposes of the CLE certification discount, so long as it covers the appropriate topics. For patent law and practice, any course that covers any of the topics included in 37 CFR 11.5(b)(1) ([https://www.ecfr.gov/current/title-37/section-11.5#p-11.5\(b\)\(1\)](https://www.ecfr.gov/current/title-37/section-11.5#p-11.5(b)(1))) would be accepted. For ethics credit, any ethics course hosted by the USPTO, or any course accepted for ethics CLE credit in any U.S. state or territory would be accepted. The USPTO considered that CLE may not be equally available to practitioners in all geographic areas, and therefore, has proposed that live or pre-recorded material would be accepted for purposes of obtaining the CLE discount. The USPTO is also seeking comments on whether the public would like the option to request that OED “pre-certify” courses for a fee if they comply with OED’s guidelines for accepted CLE courses. The USPTO considered requiring patent examiners to complete similar training, but is not proposing to do so at this time. Patent examiners are already required to complete rigorous training as part of their job duties. Further, patent practitioners are not, at this time, required to complete CLE, but the USPTO is proposing to merely offer a discount on the annual fee for doing so. Patent examiners would not be required to pay the annual active patent practitioner fee under this proposal, and therefore would not receive a discount to the fee.

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The USPTO also considered that patent agents and some patent attorneys are not currently subject to any CLE requirements, so requiring CLE to receive a discount may be viewed as more burdensome for these groups. However, all patent agents and attorneys are provided the same services in maintaining the integrity of their profession, and granted the same rights to practice before the USPTO, and therefore, the USPTO proposes charging the same fee for all patent practitioners. Again, the USPTO is not requiring any practitioner to complete CLE, but merely offering a discount for doing so.

The USPTO proposes to add paragraph (d)(3)(ii) of § 11.8 to provide that a registered practitioner or person granted limited recognition may earn up to two of the five hours of CLE in patent law and practice by participating in the USPTO Patent Pro Bono Program. For every three hours of *pro bono* service, a patent practitioner may earn one hour of CLE credit toward the annual active patent practitioner fee discount.

*Section 11.11:* The USPTO proposes to redesignate paragraph (a)(1) as paragraph (a), and to amend the paragraph to provide that the OED Director may publish a practitioner's CLE certification status.

The USPTO proposes to remove paragraph (a)(2) of § 11.11, as its provisions relate to the mandatory survey, which would no longer be conducted by the OED Director if the annual fee is implemented.

The USPTO proposes to amend paragraph (b)(1) of § 11.11 to apply to those failing to comply with § 11.8(d)(1), which refers to the annual active patent practitioner fee, rather than § 11.11(a)(2), which refers to the mandatory survey.

The USPTO proposes to add paragraph (b)(4) of § 11.11 to provide that the annual active patent practitioner fee will continue to be assessed for those practitioners who are administratively suspended during the period of administrative suspension.

The USPTO proposes to amend paragraph (d)(1) of § 11.11 to remove the exception set forth in paragraph (d)(4), as there is currently no paragraph (d)(4). The addition of paragraph (d)(4) is being proposed in these Rules, but does not refer to an exception to (d)(1).

The USPTO proposes to add paragraph (d)(4) of § 11.11 to require registered practitioners and persons granted limited recognition under § 11.9(b), who are endorsed on the register as voluntarily inactive to pay an annual voluntary inactive fee of \$70 to the OED Director each year.

The USPTO proposes to amend paragraph (d)(6) of § 11.11 to remove the current process for a practitioner in voluntary inactive status to request reinstatement, and instead, refer the practitioner to paragraph (f)(3), which contains a new proposed process for reinstatement of practitioners in voluntary inactive status.

The USPTO proposes to redesignate paragraph (e) of § 11.11 as paragraph (e)(1) and add paragraph (e)(2) to create a new emeritus status for practitioners. The new emeritus status would allow active practitioners who have been registered for ten or more years to elect emeritus status, provided they are not under investigation at the time they elect such a status. Emeritus practitioners may not practice in patent matters, with the exception of *pro bono* matters through the USPTO Patent Pro Bono Program in which they do not receive compensation. A practitioner in emeritus status will not be required to pay the annual fee, but will remain under the disciplinary jurisdiction of the OED Director.

The USPTO proposes to amend paragraph (f)(1) of § 11.11 to remove any references to resigned practitioners, remove the requirement that a practitioner who was administratively suspended for two or more years before the date the Office receives a completed application from the person must also pass the registration examination under § 11.7(b)(1)(ii), and add the requirement that any practitioner who remains administratively suspended for more than five years shall be required to file a petition to the OED Director requesting reinstatement and providing objective evidence that the practitioner continues to possess the necessary legal qualifications to render applicants valuable service to patent applicants.

The USPTO proposes to add paragraph (f)(3) which would set forth the process by which voluntarily inactive practitioners may be reinstated on the register in active status.

The USPTO proposes to add paragraph (f)(4) of § 11.11, which sets forth the process by which a practitioner who has resigned may apply to be reinstated to the register in active status.

The USPTO proposes to add paragraph (f)(5) of § 11.11 which sets forth the process by which a practitioner who has elected emeritus status may apply to be reinstated to the register in active status.

*Section 41.20:* Section 41.20 is proposed to be amended by revising paragraph (a), (b)(1), (b)(2)(ii), and (b)(3) and (4) to set forth the appeal fees as authorized under Section 10 of the Act. The changes to the fee amounts indicated in § 41.20 are shown in Table 22.

Table 22—CFR Section 41.20 Fee Changes



CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)	
			Large	Small	Micro	Large	Small
41.20(a)	1405/2405/3405	Petitions to the Chief Administrative Patent Judge Under 37 CFR 41.3 ( <a href="https://www.ecfr.gov/current/title-37/section-41.3">https://www.ecfr.gov/current/title-37/section-41.3</a> )	400	400	400	420	420
41.20(b)(1)	1401/2401/3401	Notice of Appeal	800	400	200	840	420
41.20(b)(2)(ii)	1404/2404/3404	Filing a Brief in Support of an Appeal in an <i>Inter Partes</i> Reexamination Proceeding	2,000	1,000	500	2,100	1,050
41.20(b)(3)	1403/2403/3403	Request for Oral Hearing	1,300	650	325	1,360	680
41.20(b)(4)	1413/2413/3413	Forwarding an Appeal in an Application or <i>Ex Parte</i> Reexamination Proceeding to the Board	2,240	1,120	560	2,360	1,180

*Section 42.15:* Section 42.15 is proposed to be amended by revising paragraphs (a) through (e) to set forth the *inter partes* review and post-grant review or covered business method patent review of patent fees as authorized under Section 10 of the Act. The changes to the fee amounts  indicated in § 42.15 are shown in Table 23.

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Table 23—CFR Section 42.15 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
42.15(a) (1)	1406	<i>Inter Partes</i> Review Request Fee—Up to 20 Claims	15,500	15,500	15,500	19,500	19,500	19,500
42.15(a) (2)	1414	<i>Inter Partes</i> Review Post-Institution Fee—Up to 15 Claims	15,000	15,000	15,000	n/a	n/a	n/a
42.15(a) (2)	1414	<i>Inter Partes</i> Review Post-Institution Fee—Up to 20 Claims	n/a	n/a	n/a	18,750	18,750	18,750
42.15(a) (3)	1407	In Addition to the <i>Inter Partes</i> Review Request Fee, for Requesting Review of Each Claim in Excess of 20	300	300	300	375	375	375
42.15(a) (4)	1415	In addition to the <i>Inter Partes</i> Post-Institution Fee, for Requesting Review of Each Claim in Excess of 20	600	600	600	750	750	750
42.15(b) (1)	1408	Post-Grant or Covered Business Method Patent Review Request Fee—Up to 20 Claims	16,000	16,000	16,000	20,000	20,000	20,000
42.15(b) (2)	1416	Post-Grant or Covered Business Method Patent Review Post-Institution Fee—Up to 15 Claims	22,000	22,000	22,000	n/a	n/a	n/a
42.15(b) (2)	1416	Post-Grant or Covered Business Method Patent Review Post-Institution Fee—Up to 20 Claims	n/a	n/a	n/a	27,500	27,500	27,500
42.15(b) (3)	1409	In Addition to the Post-Grant or Covered Business Method Patent Review Request Fee, for Requesting Review of Each Claim in Excess of 20	375	375	375	475	475	475

CFR section	Fee code	Description	Current fees (dollars)			Proposed fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
42.15(b) (4)	1417	In Addition to the Post-Grant or Covered Business Method Patent Review Post-Institution Fee, for Requesting Review of Each Claim in Excess of 20	825	825	825	1,050	1,050	1,050
42.15(c) (1)	1412	Petition for a Derivation Proceeding	400	400	400	420	420	420
42.15(d)	1411	Request to Make a Settlement Agreement Available and Other Requests Filed in a Patent Trial Proceeding	400	400	400	420	420	420
42.15(e)	NEW	Pro Hac Vice Admission Fee	n/a	n/a	n/a	250	250	250

## VII. Rulemaking Considerations

### A. AIA: America Invents Act

This proposed rule seeks to set and adjust fees under Section 10(a) of the AIA as amended by the SUCCESS Act, Public Law 115–273 (<https://www.govinfo.gov/link/plaw/115/public/273>), 132 Stat. 4158. Section 10(a) of the AIA authorizes the Director of the USPTO to set or adjust by rule any patent fee established, authorized, or charged under title 35 of the U.S.C. for any services performed, or materials furnished, by the Office. The SUCCESS Act extends the USPTO fee setting authority until September 2026. Section 10 prescribes that fees may be set or adjusted only to recover the aggregate estimated cost to the Office for processing, activities, services, and materials relating to patents, including administrative costs of the Office with respect to such patent fees. Section 10 authority includes flexibility to set individual fees in a way that furthers key policy factors, while taking into account the cost of the respective services. Section 10(e) of the AIA sets forth the general requirements for rulemakings that set or adjust fees under this authority. In particular, Section 10(e)(1) requires the Director to publish in the **Federal Register** any proposed fee change under Section 10, and include in such publication the specific rationale and purpose for the proposal, including the possible expectations or benefits resulting from the proposed change. For such rulemakings, the AIA requires that the Office provide a public comment period of not less than 45 days.

The PPAC advises the Under Secretary of Commerce for Intellectual Property and Director of the USPTO on the management, policies, goals, performance, budget, and user fees of patent operations. When proposing fees under Section 10 of the Act, the Director must provide the PPAC with the proposed fees at least 45 days prior to publishing the proposed fees in the **Federal Register**. The PPAC then has at least 30 days within which to deliberate, consider, and comment on the proposal, as well as hold public hearing(s) on the proposed fees. The PPAC must make a written report available to the public of the comments, advice, and recommendations of the committee regarding the proposed fees before the Office issues any final fees. The Office considers and analyzes any comments, advice, or recommendations received from the PPAC before finally setting or adjusting fees.

Consistent with this framework, on August 8, 2018, the Director notified the PPAC of the Office's intent to set or □ adjust patent fees and submitted a preliminary patent fee proposal with supporting materials. The preliminary patent fee proposal and associated materials are available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>). The PPAC held a public hearing in Alexandria, Virginia, on September 6, 2018. Transcripts of the hearing are available for review at [https://www.uspto.gov/sites/default/files/documents/PPAC\\_Hearing\\_Transcript\\_20180906.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Hearing_Transcript_20180906.pdf) ([https://www.uspto.gov/sites/default/files/documents/PPAC\\_Hearing\\_Transcript\\_20180906.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Hearing_Transcript_20180906.pdf)).

Members of the public were invited to the hearing and given the opportunity to submit written and/or oral testimony for the PPAC to consider. The PPAC considered such public comments from this hearing and made all comments available to the public via the Fee Setting website, <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>). The PPAC also provided a written report setting forth in detail the comments, advice, and recommendations of the committee regarding the preliminary proposed fees. The report regarding the preliminary proposed fees was released on October 29, 2018, and can be found online at [https://www.uspto.gov/sites/default/files/documents/PPAC\\_Fee\\_Setting\\_Report\\_Oct2018.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Fee_Setting_Report_Oct2018.pdf) ([https://www.uspto.gov/sites/default/files/documents/PPAC\\_Fee\\_Setting\\_Report\\_Oct2018.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Fee_Setting_Report_Oct2018.pdf)). The Office considered and analyzed all comments, advice, and recommendations received from the PPAC before

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publishing this NPRM. Further discussion of the PPAC report can be found in the section titled “Fee Setting Considerations.” Before the final rule is issued, this proposed rule provides the public with a 60-day period during which comments may be submitted for consideration by the USPTO.

## **B. Regulatory Flexibility Act**

The USPTO publishes this Initial Regulatory Flexibility Analysis (IRFA) as required by the Regulatory Flexibility Act (RFA) (5 U.S.C. 601 (<https://www.govinfo.gov/link/uscode/5/601>) *et seq.*) to examine the impact on small entities of the Office's proposed rule implementing changes to patent fees. Under the RFA, whenever an agency is required by 5 U.S.C. 553 (<https://www.govinfo.gov/link/uscode/5/553>) (or any other law) to publish an NPRM, the Office must prepare and make available for public comment an IRFA, unless the Office certifies under 5 U.S.C. 605(b) (<https://www.govinfo.gov/link/uscode/5/605>) that the proposed rule, if implemented, will not have a significant economic impact on a substantial number of small entities. Given that the proposed fee schedule is projected to result in \$1,061.3 million in additional aggregate revenue over the current fee schedule (baseline) for the period including FY 2021 to FY 2024, the Office acknowledges that the fee adjustments proposed will impact all entities seeking patent protection and could have a significant impact on small and micro entities. The \$1,061.3 million in additional aggregate revenue results from an additional \$167.0 million in FY 2021, \$294.9 million in FY 2022, \$294.6 million in FY 2023, and \$304.9 million in FY 2024.

While the Office welcomes all comments on this IRFA, it particularly seeks comments describing the type and extent of the impact of the proposed patent fees on commenters' specific businesses. In describing the impact, the Office requests biographic detail about the impacted businesses or concerns, including the size, average annual revenue, past patent activity ( *e.g.*, applications submitted, contested cases pursued, maintenance fees paid, patents abandoned, etc.), and planned patent activity of the impacted business or concern, where feasible. The Office will use this information to further assess the impact of the proposed rule on small entities. Where possible, comments should also describe any recommended alternative methods of setting and adjusting patent fees that would further reduce the impact on small entities.

Items 1–5 below discuss the five items specified in 5 U.S.C. 603(b)(1)–(5) (<https://www.govinfo.gov/link/uscode/5/603>) to be addressed in an IRFA. Item 6 below discusses alternatives to this proposal that the Office considered.

### **1. A DESCRIPTION OF THE REASONS WHY THE ACTION BY THE OFFICE IS BEING CONSIDERED**

Section 10 of the AIA, as amended by SUCCESS Act, authorizes the Director of the USPTO to set or adjust by rule any patent fee established, authorized, or charged under title 35, U.S.C., for any services performed, or materials furnished, by the Office. Section 10 prescribes that patent fees may be set or adjusted only to recover the aggregate estimated costs to the Office for processing, activities, services, and materials relating to patents, including administrative costs to the Office with respect to such patent fees. The proposed fee schedule will recover the aggregate cost of patent operations while facilitating the effective administration of the U.S. patent system. The reasons why the rulemaking is being considered are further discussed in section 6.i below and elsewhere in this IRFA and the NPRM.

### **2. THE OBJECTIVES OF, AND LEGAL BASIS FOR, THE PROPOSED RULE**

The objective of the proposed rule is to implement the fee setting provisions of Section 10 of the Act by setting or adjusting patent fees to recover the aggregate cost of patent operations, including administrative costs, while facilitating the effective administration of the U.S. patent system. Since its inception, the Act strengthened the patent system by affording the USPTO the “resources it requires to clear the still sizeable

backlog of patent applications and move forward to deliver to all American inventors the first rate service they deserve.” H.R. Rep. No. 112–98(I), at 163 (2011). In setting and adjusting fees under the Act, the Office seeks to secure a sufficient amount of aggregate revenue to recover the aggregate cost of patent operations, including revenue needed to achieve strategic and operational goals. Additional information on the Office's strategic goals may be found in the Strategic Plan available at [https://www.uspto.gov/sites/default/files/documents/USPTO\\_2018-2022\\_Strategic\\_Plan.pdf](https://www.uspto.gov/sites/default/files/documents/USPTO_2018-2022_Strategic_Plan.pdf)

([https://www.uspto.gov/sites/default/files/documents/USPTO\\_2018-2022\\_Strategic\\_Plan.pdf](https://www.uspto.gov/sites/default/files/documents/USPTO_2018-2022_Strategic_Plan.pdf)).

Additional information on the Office's goals and operating requirements may be found in the “USPTO FY 2020 President's Budget Request,” available at <https://www.uspto.gov/about-us/performance-and-planning/budget-and-financial-information> (<https://www.uspto.gov/about-us/performance-and-planning/budget-and-financial-information>). The legal basis for the proposed rule is Section 10 of the Act.

### **3. A DESCRIPTION OF AND, WHERE FEASIBLE, AN ESTIMATE OF THE NUMBER OF SMALL ENTITIES TO WHICH THE PROPOSED RULE WILL APPLY**

#### **SBA SIZE STANDARD**

The Small Business Act (SBA) size standards applicable to most analyses conducted to comply with the RFA are set forth in 13 CFR 121.201 (<https://www.ecfr.gov/current/title-13/section-121.201>). These regulations generally define small businesses as those with less than a specified maximum number of employees or less than a specified level of annual receipts for the entity's industrial sector or North American Industry Classification System (NAICS) code. As provided by the RFA, and after consulting with the Small Business Administration, the Office formally adopted an alternate size standard for the purpose of conducting an analysis or making a certification under the RFA for patent-related regulations. *See* Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations, 71 FR 67109 (/citation/71-FR-67109), 67109 (/citation/71-FR-67109) (Nov. 20, 2006), 1313 Off. Gaz. Pat. Office 37, 60 (Dec. 12, 2006). The Office's alternate small business size standard consists of SBA's previously established size standard for entities entitled to pay reduced patent fees. *See* 13 CFR 121.802 (<https://www.ecfr.gov/current/title-13/section-121.802>). □

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Unlike SBA's generally applicable small business size standards, the size standard for the USPTO is not industry-specific. The Office's definition of a small business concern for RFA purposes is a business or other concern that: (1) Meets the SBA's definition of a “business concern or concern” set forth in 13 CFR 121.105 and (2) ([https://www.ecfr.gov/current/title-13/section-121.105#p-121.105\(2\)](https://www.ecfr.gov/current/title-13/section-121.105#p-121.105(2))) meets the size standards set forth in 13 CFR 121.802 (<https://www.ecfr.gov/current/title-13/section-121.802>) for the purpose of paying reduced patent fees, namely, an entity: (a) Whose number of employees, including affiliates, does not exceed 500 persons and (b) which has not assigned, granted, conveyed, or licensed (and is under no obligation to do so) any rights in the invention to any person who made it and could not be classified as an independent inventor, or to any concern that would not qualify as a nonprofit organization or a small business concern under this definition. *See* Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations, 71 FR 67109 (/citation/71-FR-67109), 67109 (/citation/71-FR-67109) (Nov. 20, 2006), 1313 Off. Gaz. Pat. Office 37, 60 (Dec. 12, 2006).

If a patent applicant self-identifies on a patent application as qualifying as a small entity, or provides certification of micro entity status for reduced patent fees under the Office's alternative size standard, the Office captures this data in the Patent Application Location and Monitoring (PALM) database system, which tracks information on each patent application submitted to the Office.

#### **SMALL ENTITY DEFINED**



The Act provides that fees set or adjusted under Section 10(a) “for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents shall be reduced by 50 percent” with respect to the application of such fees to any “small entity” (as defined in 37 CFR 1.27 (<https://www.ecfr.gov/current/title-37/section-1.27>)) that qualifies for reduced fees under 35 U.S.C. 41(h)(1) (<https://www.govinfo.gov/link/uscode/35/41>). In turn, 125 Stat. at 316–17. 35 U.S.C. 41(h)(1) (<https://www.govinfo.gov/link/uscode/35/41>) provides that certain patent fees “shall be reduced by 50 percent” for a small business concern as defined by section 3 of the SBA, and to any independent inventor or nonprofit organization as defined in regulations described by the Director.

### **MICRO ENTITY DEFINED**

Section 10(g) of the Act created a new category of entity called a “micro entity.” 35 U.S.C. 123 (<https://www.govinfo.gov/link/uscode/35/123>); see also 125 Stat. at 318–19. Section 10(b) of the Act provides that the fees set or adjusted under Section 10(a) “for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents shall be reduced by 75 percent with respect to the application of such fees to any micro entity as defined by 35 U.S. Code 123 (<https://www.govinfo.gov/link/uscode/35/123>).” 125 Stat. at 315–17. 35 U.S.C. 123(a) (<https://www.govinfo.gov/link/uscode/35/123>) defines a “micro entity” as an applicant who makes a certification that the applicant: (1) Qualifies as a small entity as defined in 37 CFR 1.27; (2) ([https://www.ecfr.gov/current/title-37/section-1.27#p-1.27\(2\)](https://www.ecfr.gov/current/title-37/section-1.27#p-1.27(2))) has not been named as an inventor on more than 4 previously filed patent applications, other than applications filed in another country, provisional applications under 35 U.S.C. 111(b) (<https://www.govinfo.gov/link/uscode/35/111>), or Patent Cooperation Treaty (PCT) applications for which the basic national fee under 35 U.S.C. 41(a) (<https://www.govinfo.gov/link/uscode/35/41>) was not paid; (3) did not, in the calendar year preceding the calendar year in which the applicable fee is being paid, have a gross income, as defined in section 61(a) of the Internal Revenue Code of 1986 (26 U.S.C. 61(a) (<https://www.govinfo.gov/link/uscode/26/61>)), exceeding three times the median household income for that preceding calendar year, as most recently reported by the Bureau of the Census;<sup>[1]</sup> and (4) has not assigned, granted, or conveyed, and is not under an obligation by contract or law, to assign, grant, or convey, a license or other ownership interest in the application concerned to an entity exceeding the income limit set forth in (3) above. See 125 Stat. at 318. 35 U.S.C. 123(d) (<https://www.govinfo.gov/link/uscode/35/123>) also defines a “micro entity” as an applicant who certifies that: (1) The applicant's employer, from which the applicant obtains the majority of the applicant's income, is an institution of higher education as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a) (<https://www.govinfo.gov/link/uscode/20/1001>)); or (2) the applicant has assigned, granted, conveyed, or is under an obligation by contract or law, to assign, grant, or convey, a license or other ownership interest in the particular applications to such an institution of higher education.

### **ESTIMATE OF NUMBER OF SMALL ENTITIES AFFECTED**

The changes in the proposed rule will apply to any entity, including small and micro entities, which pays any patent fee set forth in the NPRM. The reduced fee rates (50 percent for small entities and 75 percent for micro entities) will continue to apply to any small entity asserting small entity status and to any micro entity certifying micro entity status for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents.

The Office reviews historical data to estimate the percentages of application filings asserting small entity status. Table 24 presents a summary of such small entity filings by type of application (utility, reissue, plant, design) over the last five years.

Table 24—Number of Patent Applications Filed in Last Five Years \*

	<b>** FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>Average</b>
<b>Utility:</b>						
All	596,484	604,292	608,778	579,174	580,596	593,865
Small	136,246	136,350	133,304	127,819	128,377	132,419
% Small	22.8	22.6	21.9	22.1	22.1	22.3
Micro	20,140	20,417	20,695	19,119	18,142	19,703
% Micro	3.4	3.4	3.4	3.3	3.1	3.3
<b>Reissue:</b>						
All	985	1,049	1,088	1,090	1,215	1,085
Small	208	246	230	211	228	225
% Small	21.1	23.5	21.1	19.4	18.8	20.8
Micro	18	19	21	12	22	18
% Micro	1.8	1.8	1.9	1.1	1.8	1.7
<b>Plant:</b>						
All	1,047	1,071	1,187	1,105	1,110	1,104
Small	467	534	567	514	527	522
% Small	44.6	49.9	47.8	46.5	47.5	47.3
Micro	9	17	11	8	17	12
% Micro	0.9	1.6	0.9	0.7	1.5	1.1
<b>Design:</b>						
All	46,010	44,072	42,324	38,225	36,220	41,370
Small	18,945	18,126	16,791	14,783	14,354	16,600
% Small	41.2	41.1	39.7	38.7	39.6	40.1
Micro	5,448	5,006	4,289	24	n/a	3,692
% Micro	11.8	11.4	10.1	0.1	n/a	8.4

	<b>** FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>Average</b>
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*\* The patent application filing data in this table includes RCEs.*

*\*\* FY 2018 application filing data are preliminary and will be finalized in the FY 2019 Performance and Accountability Report (PAR).*

Because the percentage of small entity filings varies widely between application types, the Office has averaged the small entity filing rates over the past five years for those application types in order to estimate future filing rates by small and micro entities. Those average rates appear in the last column of Table 24. The Office estimates that small entity filing rates will continue for the next five years at these average historic rates.

The Office forecasts the number of projected patent applications ( *i.e.*, workload) for the next five years using a combination of historical data, economic analysis, and subject matter expertise. The Office estimates that serialized UPR patent application filings will grow by 1.5 percent in FY 2019 and 1.0 percent in FYs 2020–2024. The Office forecasts design patent applications independently of UPR applications because they exhibit different behavior.

Using the estimated filings for the next five years, and the average historic rates of small entity filings, Table 25 presents the Office's estimates of the number of patent application filings by all applicants, including small and micro entities, over the next five fiscal years by application type.

The Office has undertaken an elasticity analysis to examine if fee adjustments may impact small entities and, in particular, whether increases in fees would result in some such entities not submitting applications. Elasticity measures how sensitive demand for services by patent applicants and patentees is to fee changes. If elasticity is low enough (demand is *inelastic*), then fee increases will not reduce patenting activity enough to negatively impact overall revenues. If elasticity is high enough (demand is *elastic*), then increasing fees will decrease patenting activity enough to decrease revenue. The Office analyzed elasticity at the overall filing level across all patent applicants with regard to entity size and estimated the potential impact to patent application filings across entities. Additional information about elasticity estimates is available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>) in the document entitled “USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—Description of Elasticity Estimates.”

Table 25—Estimated Numbers of Patent Applications in FY 2019–FY 2024

		<b>FY 2019 (current)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Utility	All	609,639	611,158	612,614	621,450	629,204	636,625
Reissue	All	750	750	750	750	750	750
Plant	All	1,050	1,050	1,050	1,050	1,050	1,050
Design	All	49,118	52,283	55,649	59,262	63,156	67,255
Total	All	660,557	665,241	670,063	682,512	694,160	705,680

#### **4. A DESCRIPTION OF THE PROJECTED REPORTING, RECORDKEEPING, AND OTHER COMPLIANCE REQUIREMENTS OF THE PROPOSED RULE, INCLUDING AN ESTIMATE OF THE CLASSES OF SMALL ENTITIES WHICH WILL BE SUBJECT TO THE REQUIREMENT AND TYPE OF PROFESSIONAL SKILLS NECESSARY FOR PREPARATION OF THE REPORT OR RECORD**

If implemented, the proposed rule will not change the burden of existing reporting and recordkeeping requirements for payment of fees. The current requirements for small and micro entities will continue to apply. Therefore, the professional skills necessary to file and prosecute an application through issue and maintenance remain unchanged under this proposal. This action proposes only to adjust patent fees and not to set procedures for asserting small entity status or certifying micro entity status, as previously discussed.

The full proposed fee schedule ( *see* Part VI: Discussion of Specific Rules) is set forth in the NPRM. The proposed fee schedule sets or adjusts 295 patent fees in total. This includes three fees that will be discontinued and 11 new fees.

#### **5. Identification, to the Extent Practicable, of All Relevant Federal Rules Which May Duplicate, Overlap, or Conflict With the Proposed Rules**

The USPTO is the sole agency of the U.S. Government responsible for administering the provisions of title 35, U.S.C., pertaining to examining and granting patents. It is solely responsible for issuing rules to comply with Section 10 of the AIA. No other Federal, state, or local entity has jurisdiction over the examination and granting of patents.

Other countries, however, have their own patent laws, and an entity desiring a patent in a particular country must make an application for patent in that country, in accordance with the applicable law. Although the potential for overlap exists internationally, this cannot be avoided except by treaty (such as the Paris Convention for the Protection of Industrial Property, or the PCT). Nevertheless, the USPTO believes  that there are no other duplicative or overlapping rules.

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#### **6. DESCRIPTION OF ANY SIGNIFICANT ALTERNATIVES TO THE PROPOSED RULES WHICH ACCOMPLISH THE STATED OBJECTIVES OF APPLICABLE STATUTES AND WHICH MINIMIZE ANY SIGNIFICANT ECONOMIC IMPACT OF THE PROPOSED RULES ON SMALL ENTITIES**

The USPTO considered several alternative approaches to this proposed rule, discussed below, including full cost recovery for individual services, an across the board adjustment to fees, and a baseline (current fee rates). The discussion here begins with a description of the fee schedule adopted for this proposed rule.

##### **I. ALTERNATIVE 1: PROPOSED ALTERNATIVE—SET AND ADJUST PATENT FEES**

The alternative proposed herein secures the Office's required revenue to recover its aggregate costs, while progressing towards high quality and timely patent examination and review proceedings in order to produce reliable and predictable IP rights. This will benefit all applicants, including small and micro entities, without undue burden to patent applicants and holders, barriers to entry, or reduced incentives to innovate. This alternative maintains small and micro entity discounts. Compared to the current fee schedule, there are no new small or micro entity fee codes being extended to existing large entity fee rates and none are being eliminated. All entities will benefit from the Office's proposal to discontinue three fees related to goods and services found to be of limited value based on the ability to obtain these services at zero cost or more efficiently from non-Office sources. The Office will instead provide these services, in a slightly modified form ( *i.e.* electronic), for free.



As discussed throughout this document, the fee changes proposed in this alternative are moderate compared to other alternatives. Given that the proposed fee schedule will result in increased aggregate revenue under this alternative, small and micro entities would pay some higher fees when compared to the current fee schedule (Alternative 4).

In summary, the fees to obtain a patent will increase. All fees are subject to the 5.0 percent across the board increase. In addition to the across the board increase, some fees will be subject to a larger increase. For example, the issue fee and first stage maintenance fee rate will increase by 20.0 and 25.0 percent respectively. However, second and third stage maintenance fees will only increase by 4.0 percent, less than the across the board increase. This alternative includes a new surcharge fee for applications not filed in DOCX format, which aims to improve the electronic application process for patent applicants by modernizing the USPTO's filing and viewing systems. This streamlines application and publication processes, which benefits both the applicants and examiners. In an effort to enable PTAB to continue high quality, timely, and efficient proceedings with the expected increase in work following the Supreme Court decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), AIA trial fees will increase 25.0 percent. Finally, in response to feedback from the PPAC and members of the public, the proposed fee increase for Maintenance Fee Surcharge—Late Payment within Six Months, has been changed to \$500. Under the original proposal to the PPAC, the fee would have increased by \$840 to \$1,000.

Adjusting the patent fee schedule as proposed in this NPRM allows the Office to implement the patent-related strategic goals and objectives documented in the Strategic Plan and to carry out requirements as described in the FY 2020 Budget. Specifically, this proposed fee setting rule is estimated to generate sufficient revenue to support increases in core examination costs that are necessary to implement strategic initiatives to issue highly reliable patents, such as increasing the time examiners are provided to work on each application. This proposed rule also supports the Strategic Plan's mission support goal to deliver organizational excellence (which includes optimizing speed, quality, and cost-effectiveness of IT delivery to achieve business value and ensuring financial sustainability to facilitate effective USPTO operations) by allowing the Office to continue to make necessary business improvements. While all of the other alternatives discussed facilitate progress toward some of the Office's goals, the proposed alternative is the only one that does so in a way that does not impose undue costs on patent applicants and holders.

A comparison between the proposed fee schedule for this proposed rule, and existing fees (labeled Alternative 1—Proposed Fee Schedule—Setting and Adjusting Patent Fees during Fiscal Year 2020) is available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>), in the document entitled “USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—IRFA Tables.” Fee changes for small and micro entities are included in the tables. For the comparison between proposed fees and current fees, as noted above, the “current fees” column displays the fees that were in effect as of January 2018.

## II. OTHER ALTERNATIVES CONSIDERED

In addition to the proposed fee schedule set forth in Alternative 1, above, the Office considered several other alternative approaches. For each alternative considered, the Office calculated proposed fees and the resulting revenue derived by each alternative scenario. The proposed fees and their corresponding revenue tables are available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>

(<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>). Please note, only the fees outlined in Alternative 1 are proposed in this NPRM; other scenarios are shown only to demonstrate the Office's analysis of other options.

## A. ALTERNATIVE 2: UNIT COST RECOVERY

It is common practice in the Federal Government to set individual fees at a level sufficient to recover the cost of that single service. In fact, official guidance on user fees, as cited in OMB Circular A-25: *User Charges*, states that user charges (fees) should be sufficient to recover the full cost to the Federal Government of providing the particular service, resource, or good, when the government is acting in its capacity as sovereign.

As such, the USPTO considered setting most individual large entity fees at the historical cost of performing the activities related to the particular service in FY 2018. There are several complexities in achieving individual fee unit cost recovery for the patent fee schedule. The most significant is the AIA requirement to provide a 50 percent discount on fees to small entities and a 75 percent discount on fees to micro entities. To account for this requirement, this alternative continues existing small and micro entity discounts where eligible under AIA authority. Thus, in order to continue the small and micro entity discounts and generate sufficient revenue to recover the Office's anticipated budgetary requirements over the five-year period, for this alternative, maintenance fees must be set significantly above unit cost.

With the exception of maintenance fees, fees for which there is no FY 2018 cost data would be set at current rates under this alternative. The Office no longer collects activity-based information for maintenance fees, and previous year unit costs were negligible. For the small number of services that have a variable fee, the aggregate revenue table does not list a fee. Instead, for those services with an estimated workload, the workload is listed in □ dollars rather than units to develop revenue estimates. Fees without either a fixed fee rate or a workload estimate are assumed to provide zero revenue to the Office. Note, this alternative bases fee rates for FY 2020 through FY 2024 on FY 2018 historical costs. The Office recognizes that this approach does not account for inflationary factors that would likely increase costs and necessitate higher fees in the out-years.

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Alternative 2 does not align well with the strategic and policy goals of this proposed rule. Both the current and proposed fee schedules are structured to collect more fees further along in the process ( *i.e.* issue fees and maintenance fees), where the patent owner has better information about a patent's value, rather than up front ( *i.e.*, filing fees, search fees, and examination fees), when applicants are less certain about the value of their art, even though the front-end services are costlier to the Office. This alternative presents significant barriers to those seeking patent protection, because if the Office were to immediately shift from the current front-end/back-end balance to a unit cost recovery structure, front-end fees would increase significantly, nearly tripling in some cases ( *e.g.*, search fees).

The Office has estimated the potential quantitative elasticity impacts for application filings ( *e.g.*, filing, search, and examination fees), maintenance renewals (all stages), and other major fee categories. Results of this analysis indicate that a high cost of entry into the patent system could lead to a significant decrease in the incentives to invest in innovative activities among all entities, especially for small and micro entities. Under the current fee schedule, maintenance fees subsidize all applications, including those applications for which no claims are allowed. By insisting on unit cost payment at each point in the application process, the Office is effectively charging high fees for every attempted patent, meaning those applicants who have less

information about the patentability of their claims or the market value of their invention may be less likely to pursue initial prosecution (e.g., filing, search, and examination) or subsequent actions to continue prosecution (e.g., RCE). The ultimate effect of these changes in behavior is likely to stifle innovation.

Similarly, the Office suspects that renewal rates could change as well, given fee reductions for maintenance fees at each of the three stages. While some innovators and firms may choose to file fewer applications given the higher front-end costs, others, whose claims are allowed or upheld, may seek to fully maximize the benefits of obtaining a patent by keeping those patents in force for longer than they would have previously (i.e., under the baseline). In the aggregate, patents that are maintained beyond their useful life weaken the IP system by slowing the rate of public accessibility and follow-on inventions, which is contrary to the Office's policy factor of promoting innovation strategies. In sum, this alternative is inadequate to accomplish the goals and strategies as stated in Part III of this proposed rule.

The fee schedule for Alternative 2: Unit Cost Recovery is available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>), in the document entitled "USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—IRFA Tables." For the comparison between proposed (unit cost recovery) fees and current fees, the "current fees" column displays the fees that are in effect as of January 2018. This column is used to calculate dollar and percent fee change compared to proposed fees.

### **B. ALTERNATIVE 3: ACROSS THE BOARD ADJUSTMENT**

In years past, the USPTO used its authority to adjust statutory fees annually according to increases in the consumer price index (CPI), which is a commonly used measure of inflation. Building on this prior approach and incorporating the additional authority under the AIA to set small and micro entity fees, Alternative 3 would set fees by applying a one-time 10.0 percent, across the board inflationary increase to the baseline (current fees) beginning in FY 2021. Ten percent represents the change in revenue needed to achieve the aggregate revenue needed to cover future budgetary requirements.

As estimated by the CBO, projected CPI rates by fiscal year are: 2.4 percent in FY 2020, 2.5 percent in FY 2021, 2.5 percent in FY 2022, and 2.4 percent in both FY 2023 and FY 2024. The Office elected not to apply the estimated cumulative inflationary adjustment (12.2 percent), from FY 2020 through FY 2024, because doing so would result in significantly more fee revenue than needed to meet the Office's core mission and strategic priorities. Under this alternative, nearly every existing fee would be increased and no fees would be discontinued or reduced. Given that all entities (large, small, and micro) would pay 10 percent higher fees for every product and service, especially the fees due at the time of filing, this alternative does not adequately support the Office's policy factor to promote innovation strategies.

The fee schedule for Alternative 3: Across the Board Adjustment is available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>), in the document entitled "USPTO Setting and Adjusting Patent Fees during Fiscal Year 2020—IRFA Tables." For the comparison between proposed (across the board adjustment) fees and current fees, the "current fees" column displays the fees that are in effect as of July 2018.

### **C. ALTERNATIVE 4: BASELINE (CURRENT FEE SCHEDULE)**

The Office considered a no-action alternative. This alternative would retain the status quo, meaning that the Office would continue the small and micro entity discounts that the Congress provided in Section 10 of the Act and maintain fees as of January 2018.

This approach would not provide sufficient aggregate revenue to accomplish the Office's rulemaking goals, as set forth in Part III of this NPRM or the Strategic Plan. IT improvement, progress on backlog and pendency, and other improvement activities would continue, but at a significantly slower rate as increases in core patent examination costs that are necessary to implement strategic initiative to issue highly reliable patents—such as increasing the time examiners are provided to work on each application—crowd out funding for other improvements. Likewise, without a fee increase, the USPTO would deplete its operating reserves, leaving the Office vulnerable to fiscal and economic events. This would expose core operations to unacceptable levels of financial risk and would position the Office to have to return to making inefficient, short-term funding decisions.

### III. ALTERNATIVES SPECIFIED BY THE RFA

The RFA provides that an agency also consider four specified “alternatives” or approaches, namely: (1) Establishing different compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) clarifying, consolidating, or simplifying compliance and reporting requirements under the rule for small entities; (3) using performance rather than design standards; and (4) exempting small entities from coverage of the rule, or any part thereof. 5 U.S.C. 604(c) (<https://www.govinfo.gov/link/uscode/5/604>). The USPTO discusses each of these specified alternatives or approaches below and describes how this NPRM is adopting these approaches. □

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#### DIFFERING REQUIREMENTS

As discussed above, the changes proposed in this proposed rule would continue existing fee discounts for small and micro entities that take into account the reduced resources available to them as well as offer new discounts when applicable under AIA authority. Specifically, micro entities would continue to receive a 75 percent reduction in patent fees under this proposal and non-micro, small entities would continue to pay 50 percent of the fee.

This proposed rule sets fee levels but does not set or alter procedural requirements for asserting small or micro entity status. To pay reduced patent fees, small entities must merely assert small entity status to pay reduced patent fees. The small entity may make this assertion by either checking a box on the transmittal form, “Applicant claims small entity status,” or by paying the basic filing or basic national small entity fee exactly. The process to claim micro entity status is similar in that eligible entities need only submit a written certification of their status prior to or at the time a reduced fee is paid. This proposed rule does not change any reporting requirements for any small or micro entity. For both small and micro entities, the burden to establish their status is nominal (making an assertion or submitting a certification) and the benefit of the fee reductions (50 percent for small entities and 75 percent for micro entities) is significant.

This proposed rule makes the best use of differing requirements for small and micro entities. It also makes the best use of the redesigned fee structure, as discussed further below.

#### CLARIFICATION, CONSOLIDATION, OR SIMPLIFICATION OF REQUIREMENTS

This proposed rule pertains to setting or adjusting patent fees. Any compliance or reporting requirements proposed in this rule are de minimis and necessary to implement lower proposed fees. Therefore, any clarifications, consolidations, or simplifications to compliance and reporting requirements for small entities

are not applicable or would not achieve the objectives of this rulemaking.

## PERFORMANCE STANDARDS

Performance standards do not apply to the current proposed rule.

## EXEMPTION FOR SMALL AND MICRO ENTITIES

The proposed changes here maintain a 50 percent reduction in fees for small entities and a 75 percent reduction in fees for micro entities. The Office considered exempting small and micro entities from paying increased patent fees, but determined that the USPTO would lack statutory authority for this approach. Section 10(b) of the Act provides that “fees set or adjusted under subsection (a) for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents *shall* be reduced by 50 percent [for small entities] and *shall* be reduced by 75 percent [for micro entities]” (emphasis added). Neither the AIA nor any other statute authorizes the USPTO simply to exempt small or micro entities, as a class of applicants, from paying increased patent fees.

C. Executive Order 12866 (Regulatory Planning and Review): This proposed rule has been determined to be economically significant for purposes of Executive Order 12866 (Sept. 30, 1993). The Office has developed a RIA as required for rulemakings deemed to be economically significant. The complete RIA is available at <https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting> (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>).

D. Executive Order 13563 (/executive-order/13563) (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563 (/executive-order/13563) (Jan. 18, 2011). Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned determination that the benefits justify the costs of the proposed rule; (2) tailored the proposed rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided on-line access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13771 (/executive-order/13771) (Reducing Regulation and Controlling Regulatory Costs): This proposed rule is not expected to be subject to the requirements of Executive Order 13771 (/executive-order/13771) (Jan. 30, 2017) because this proposed rule is expected to involve a transfer payment.

F. Executive Order 13132 (/executive-order/13132) (Federalism): This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (/executive-order/13132) (Aug. 4, 1999).

G. Executive Order 13175 (/executive-order/13175) (Tribal Consultation): This rulemaking will not: (1) Have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (/executive-order/13175) (Nov. 6, 2000).

H. Executive Order 13211 (/executive-order/13211) (Energy Effects): This rulemaking is not a significant energy action under Executive Order 13211 (/executive-order/13211) because this proposed rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (/executive-order/13211) (May 18, 2001).

I. Executive Order 12988 (/executive-order/12988) (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (/executive-order/12988) (Feb. 5, 1996).

J. Executive Order 13045 (/executive-order/13045) (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (/executive-order/13045) (Apr. 21, 1997).

K. Executive Order 12630 (Taking of Private Property): This rulemaking will not affect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

L. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 (<https://www.govinfo.gov/link/uscode/5/801>) *et seq.*), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this proposed rule are expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this proposed rule is a “major rule” as defined in 5 U.S.C. 804(2) (<https://www.govinfo.gov/link/uscode/5/804>). □

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M. Unfunded Mandates Reform Act of 1995: The proposed changes set forth in this rulemaking do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 (<https://www.govinfo.gov/link/uscode/2/1501>) *et seq.*

N. National Environmental Policy Act: This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 (<https://www.govinfo.gov/link/uscode/42/4321>) *et seq.*

O. National Technology Transfer and Advancement Act: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note (<https://www.govinfo.gov/link/uscode/15/272>)) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

P. Paperwork Reduction Act: The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 (<https://www.govinfo.gov/link/uscode/44/3501>) *et seq.*) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This proposed rule involves information collection requirements which are subject to review by the OMB under the Paperwork Reduction

Act of 1995 (44 U.S.C. 3501–3549 (<https://www.govinfo.gov/link/uscode/44/3501>)). The collection of information involved in this proposed rule has been reviewed and previously approved by OMB under control numbers 0651–0012, 0651–0016, 0651–0020, 0651–0021, 0651–0031, 0651–0032, 0651–0033, 0651–0059, 0651–0063, 0651–0064, 0651–0069, and 0651–0075.

Notwithstanding any other provision of law, no person is required to respond to nor shall any person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

## List of Subjects

### **37 CFR Part 1 (<https://www.ecfr.gov/current/title-37/part-1>)**

- Administrative practice and procedure
- Biologics
- Courts
- Freedom of information
- Inventions and patents
- Reporting and recordkeeping requirements
- Small businesses

### **37 CFR Part 11 (<https://www.ecfr.gov/current/title-37/part-11>)**

- Administrative practice and procedure
- Inventions and patents
- Lawyers
- Reporting and recordkeeping requirements

### **37 CFR Part 41 (<https://www.ecfr.gov/current/title-37/part-41>)**

- Administrative practice and procedure
- Inventions and patents
- Lawyers
- Reporting and recordkeeping requirements

### **37 CFR Part 42 (<https://www.ecfr.gov/current/title-37/part-42>)**

- Administrative practice and procedure
- Inventions and patents
- Lawyers

For the reasons set forth in the preamble, 37 CFR parts 1 (<https://www.ecfr.gov/current/title-37/part-1>), 11 (<https://www.ecfr.gov/current/title-37/part-11>), 41 (<https://www.ecfr.gov/current/title-37/part-41>), and 42 (<https://www.ecfr.gov/current/title-37/part-42>) are proposed to be amended as follows:

## **PART 1—RULES OF PRACTICE IN PATENT CASES**

1. The authority citation for 37 CFR part 1 (<https://www.ecfr.gov/current/title-37/part-1>) continues to read as follows:

**Authority:** 35 U.S.C. 2(b)(2) (<https://www.govinfo.gov/link/uscode/35/2>), unless otherwise noted.

**2.** Section 1.16 is amended by:

- a.** Revising paragraphs (a) through (e);
- b.** Adding table headings in paragraphs (f) and (g);
- c.** Revising paragraph (h);
- d.** Adding a table heading in paragraph (i);
- e.** Revising paragraphs (j) and (k);
- f.** Adding a table heading in paragraph (l);
- g.** Revising paragraphs (m) through (s);
- h.** Adding a table heading in paragraph (t); and
- i.** Adding paragraph (u).

The revisions and additions read as follows:

**§ 1.16 National application filing, search, and examination fees.**

(a) Basic fee for filing each application under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) for an original patent, except design, plant, or provisional applications:

Table 1 to Paragraph ( a )

By a micro entity (§ 1.29)	\$80.00
By a small entity (§ 1.27(a))	\$160.00
By a small entity (§ 1.27(a)) if the application is submitted in compliance with the Office electronic filing system (§ 1.27(b)(2))	\$80.00
By other than a small or micro entity	\$320.00

(b) Basic fee for filing each application under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) for an original design patent:

Table 2 to Paragraph ( b )

By a micro entity (§ 1.29)	\$55.00
By a small entity (§ 1.27(a))	\$110.00
By other than a small or micro entity	\$220.00



## (c) Basic fee for filing each application for an original plant patent:

Table 3 to Paragraph ( c )

By a micro entity (§ 1.29)	\$55.00
By a small entity (§ 1.27(a))	\$110.00
By other than a small or micro entity	\$220.00

## (d) Basic fee for filing each provisional application:

Table 4 to Paragraph ( d )

By a micro entity (§ 1.29)	\$75.00
By a small entity (§ 1.27(a))	\$150.00
By other than a small or micro entity	\$300.00

## (e) Basic fee for filing each application for the reissue of a patent:

Table 5 to Paragraph ( e )

By a micro entity (§ 1.29)	\$80.00
By a small entity (§ 1.27(a))	\$160.00
By other than a small or micro entity	\$320.00

(f) \* \* \*

Table 6 to Paragraph ( f )

\* \* \* \* \*

(g) \* \* \*

Table 7 to Paragraph ( g )

\* \* \* \* \*

(h) In addition to the basic filing fee in an application, other than a provisional application, for filing or later presentation at any other time of each claim in independent form in excess of 3:

Table 8 to Paragraph ( h )

By a micro entity (§ 1.29)	\$120.00
By a small entity (§ 1.27(a))	\$240.00
By other than a small or micro entity	\$480.00

(i) \* \* \*

Table 9 to Paragraph ( i )

\* \* \* \* \*

(j) In addition to the basic filing fee in an application, other than a provisional application, that contains, or is amended to contain, a multiple dependent claim, per application:

Table 10 to Paragraph ( j )

By a micro entity (§ 1.29)	\$215.00
By a small entity (§ 1.27(a))	\$430.00
By other than a small or micro entity	\$860.00

(k) Search fee for each application filed under 35 U.S.C. 111

(<https://www.govinfo.gov/link/uscode/35/111>) for an original patent, except design, plant, or provisional applications:

Table 11 to Paragraph ( k )

By a micro entity (§ 1.29)	\$175.00
By a small entity (§ 1.27(a))	\$350.00
By other than a small or micro entity	\$700.00

(l) \* \* \*

Table 12 to Paragraph ( l )

\* \* \* \* \*

(m) Search fee for each application for an original plant patent:

Table 13 to Paragraph ( m )

By a micro entity (§ 1.29)	\$110.00
By a small entity (§ 1.27(a))	\$220.00
By other than a small or micro entity	\$440.00

(n) Search fee for each application for the reissue of a patent:

Table 14 to Paragraph ( n )

By a micro entity (§ 1.29)	\$175.00
By a small entity (§ 1.27(a))	\$350.00
By other than a small or micro entity	\$700.00

(o) Examination fee for each application filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) for an original patent, except design, plant, or provisional applications:

Table 15 to Paragraph ( o )

By a micro entity (§ 1.29)	\$200.00
By a small entity (§ 1.27(a))	\$400.00
By other than a small or micro entity	\$800.00

(p) Examination fee for each application filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) for an original design patent:

Table 16 to Paragraph ( p )

By a micro entity (§ 1.29)	\$160.00
By a small entity (§ 1.27(a))	\$320.00
By other than a small or micro entity	\$640.00

(q) Examination fee for each application for an original plant patent:

Table 17 to Paragraph ( q )

By a micro entity (§ 1.29)	\$165.00
By a small entity (§ 1.27(a))	\$330.00
By other than a small or micro entity	\$660.00

(r) Examination fee for each application for the reissue of a patent:

Table 18 to Paragraph ( r )

By a micro entity (§ 1.29)	\$580.00
By a small entity (§ 1.27(a))	\$1,160.00
By other than a small or micro entity	\$2,320.00

(s) Application size fee for any application filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) for the specification and drawings which exceed 100 sheets of paper, for each additional 50 sheets or fraction thereof:

Table 19 to Paragraph ( s )

By a micro entity (§ 1.29)	\$105.00
By a small entity (§ 1.27(a))	\$210.00
By other than a small or micro entity	\$420.00

(t) \* \* \*

Table 20 to Paragraph ( t )

\* \* \* \* \*

(u) Additional fee for any application filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) for an original patent, except design, plant, or provisional applications where the application is not submitted in DOCX format:

Table 21 to Paragraph ( u )

By a micro entity (§ 1.29)	\$100.00
By a small entity (§ 1.27(a))	200.00
By a small entity (§ 1.27(a)) if the application is submitted in compliance with the Office electronic filing system (§ 1.27(b)(2))	200.00
By other than a small or micro entity	400.00

★\*                      ★\*                      ★\*                      ★\*                      ★\*

**3.** Section 1.17 is amended by:

- a.** Revising paragraph (a);
- b.** Revising paragraphs (c) through (g);
- c.** Adding a table heading in paragraph (h);

- d.** Adding a table heading in paragraph (i)(1);
- e.** Revising paragraphs (i)(2) and (k);
- f.** Revising paragraph (m);
- g.** Adding a table heading in paragraph (o);
- h.** Revising paragraphs (p) through (s); and
- i.** Adding a table heading in paragraph (t).

The revisions and additions read as follows:

**§ 1.17 Patent application and reexamination processing fees.**

(a) Extension fees pursuant to § 1.136(a):

(1) For reply within first month:

Table 1 to Paragraph ( a )(1)

By a micro entity (§ 1.29)	\$55.00
By a small entity (§ 1.27(a))	110.00
By other than a small or micro entity	220.00

(2) For reply within second month:

Table 2 to Paragraph ( a )(2)

By a micro entity (§ 1.29)	\$160.00
By a small entity (§ 1.27(a))	\$320.00
By other than a small or micro entity	\$640.00

(3) For reply within third month:

Table 3 to Paragraph ( a )(3)

By a micro entity (§ 1.29)	\$370.00
By a small entity (§ 1.27(a))	740.00
By other than a small or micro entity	1,480.00

(4) For reply within fourth month:

Table 4 to Paragraph ( a )(4)

By a micro entity (§ 1.29)	\$580.00
By a small entity (§ 1.27(a))	1,160.00
By other than a small or micro entity	2,320.00

(5) For reply within fifth month:

Table 5 to Paragraph ( a )(5)

By a micro entity (§ 1.29)	\$790.00
By a small entity (§ 1.27(a))	1,580.00
By other than a small or micro entity	3,160.00

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(c) For filing a request for prioritized examination under § 1.102(e):

Table 6 to Paragraph ( c )

By a micro entity (§ 1.29)	\$1,050.00
By a small entity (§ 1.27(a))	2,100.00
By other than a small or micro entity	4,200.00

(d) For correction of inventorship in an application after the first action on the merits:

Table 7 to Paragraph ( d )

By a micro entity (§ 1.29)	\$160.00
By a small entity (§ 1.27(a))	\$320.00
By other than a small or micro entity	640.00

(e) To request continued examination pursuant to § 1.114:

(1) For filing a first request for continued examination pursuant to § 1.114 in an application:

Table 8 to Paragraph ( e )(1)

By a micro entity (§ 1.29)	\$340.00
By a small entity (§ 1.27(a))	680.00
By other than a small or micro entity	1,360.00

(2) For filing a second or subsequent request for continued examination pursuant to § 1.114 in an application:

Table 9 to Paragraph ( e )(2)

By a micro entity (§ 1.29)	\$500.00
By a small entity (§ 1.27(a))	1,000.00
By other than a small or micro entity	2,000.00

(f) For filing a petition under one of the sections in paragraphs (f)(1) through (6) of this section which refers to this paragraph (f):

Table 10 to Paragraph ( f )

By a micro entity (§ 1.29)	\$105.00
By a small entity (§ 1.27(a))	210.00
By other than a small or micro entity	420.00

(1) Section 1.36(a)—for revocation of a power of attorney by fewer than all of the applicants.

(2) Section 1.53(e)—to accord a filing date.

(3) Section 1.182—for decision on a question not specifically provided for in an application for patent.

(4) Section 1.183—to suspend the rules in an application for patent.

(5) Section 1.741(b)—to accord a filing date to an application under § 1.740 for extension of a patent term.

(6) Section 1.1023—to review the filing date of an international design application.

(g) For filing a petition under one of the sections in paragraphs (g)(1) through (15) of this section which refers to this paragraph (g):

Table 11 to Paragraph ( g )

By a micro entity (§ 1.29)	\$55.00
By a small entity (§ 1.27(a))	110.00
By other than a small or micro entity	220.00

(1) Section 1.12—for access to an assignment record.

(2) Section 1.14—for access to an application.

- (3) Section 1.46—for filing an application on behalf of an inventor by a person who otherwise shows sufficient proprietary interest in the matter.
- (4) Section 1.55(f)—for filing a belated certified copy of a foreign application.
- (5) Section 1.55(g)—for filing a belated certified copy of a foreign application.
- (6) Section 1.57(a)—for filing a belated certified copy of a foreign application.
- (7) Section 1.59—for expungement of information.
- (8) Section 1.103(a)—to suspend action in an application.
- (9) Section 1.136(b)—for review of a request for extension of time when the provisions of § 1.136(a) are not available.
- (10) Section 1.377—for review of decision refusing to accept and record payment of a maintenance fee filed prior to expiration of a patent.
- (11) Section 1.550(c)—for patent owner requests for extension of time in *ex parte* reexamination proceedings.
- (12) Section 1.956—for patent owner requests for extension of time in *inter partes* reexamination proceedings.
- (13) Section 5.12 of this chapter—for expedited handling of a foreign filing license.
- (14) Section 5.15 of this chapter—for changing the scope of a license.
- (15) Section 5.25 of this chapter—for retroactive license.
- (h) \* \* \*

Table 12 to Paragraph ( h )

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(i) \* \* \*

(1) \* \* \*

Table 13 to Paragraph ( i )(1)

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(2) For taking action under one of the sections in paragraphs (i)(2)(i) and (ii) of this section which refers to this paragraph (i)(2):

Table 14 to Paragraph ( i )(2)

By a micro entity (§ 1.29)	\$140.00
By a small entity (§ 1.27(a))	140.00
By other than a small or micro entity	140.00

(i) Section 1.217—for processing a redacted copy of a paper submitted in the file of an application in which a redacted copy was submitted for the patent application publication.

(ii) Section 1.221—for requesting voluntary publication or republication of an application.

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(k) For filing a request for expedited examination under § 1.155(a):

Table 15 to Paragraph ( k )

By a micro entity (§ 1.29)	\$500.00
By a small entity (§ 1.27(a))	1,000.00
By other than a small or micro entity	2,000.00

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(m) For filing a petition for the revival of an abandoned application for a patent, for the delayed payment of the fee for issuing each patent, for the delayed response by the patent owner in any reexamination proceeding, for the delayed payment of the fee for maintaining a patent in force, for the delayed submission of a priority or benefit claim, for the extension of the twelve-month (six-month for designs) period for filing a subsequent application (§§ 1.55(c) and (e), 1.78(b), (c), and (e), 1.137, 1.378, and 1.452)), or for filing a petition to excuse applicant's failure to act within prescribed time limits in an international design application (§ 1.1051):

Table 16 to Paragraph ( m )

By a micro entity (§ 1.29)	\$525.00
By a small entity (§ 1.27(a))	1,050.00
By other than a small or micro entity	2,100.00

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(o) \* \* \*

Table 17 to Paragraph ( o )

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(p) For an information disclosure statement under § 1.97(c) or (d):

Table 18 to Paragraph ( p )

By a micro entity (§ 1.29)	\$65.00
By a small entity (§ 1.27(a))	130.00
By other than a small or micro entity	260.00

(q) Processing fee for taking action under one of the sections in paragraphs (q)(1) through (3) of this section which refers to this paragraph (q): \$50.00.

(1) Section 1.41—to supply the name or names of the inventor or inventors after the filing date without a cover sheet as prescribed by § 1.51(c)(1) in a provisional application.

(2) Section 1.48—for correction of inventorship in a provisional application.

(3) Section 1.53(c)(2)—to convert a nonprovisional application filed under § 1.53(b) to a provisional application under § 1.53(c).

(r) For entry of a submission after final rejection under § 1.129(a):

Table 19 to Paragraph ( r )

By a micro entity (§ 1.29)	\$220.00
By a small entity (§ 1.27(a))	440.00
By other than a small or micro entity	880.00

(s) For each additional invention requested to be examined under § 1.129(b): □

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Table 20 to Paragraph ( s )

By a micro entity (§ 1.29)	\$220.00
By a small entity (§ 1.27(a))	440.00
By other than a small or micro entity	880.00

(t) \* \* \*

Table 21 to Paragraph ( t )

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**4.** Section 1.18 is amended by revising paragraphs (a), (b)(1), (c), (d)(3), (e) and (f) to read as follows:

**§ 1.18 Patent post allowance (including issue) fees.**

(a) Issue fee for issuing each original patent, except a design or plant patent, or for issuing each reissue patent:

Table 1 to Paragraph ( a )

By a micro entity (§ 1.29)	\$300.00
By a small entity (§ 1.27(a))	600.00
By other than a small or micro entity	1,200.00

(b)(1) Issue fee for issuing an original design patent:

Table 2 to Paragraph ( b )(1)

By a micro entity (§ 1.29)	\$185.00
By a small entity (§ 1.27(a))	370.00
By other than a small or micro entity	740.00

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(c) Issue fee for issuing an original plant patent:

Table 3 to Paragraph ( c )

By a micro entity (§ 1.29)	\$210.00
By a small entity (§ 1.27(a))	420.00
By other than a small or micro entity	840.00
(d) * * *	
(3) Republication fee (§ 1.221(a))	320.00
(e) For filing an application for patent term adjustment under § 1.705:	210.00
(f) For filing a request for reinstatement of all or part of the term reduced pursuant to § 1.704(b) in an application for patent term adjustment under § 1.705:	420.00

**5.** Section 1.19 is amended by revising paragraphs (b)(1)(i)(B) and (b)(1)(ii)(B) and removing and reserving paragraphs (j) through (l) to read as follows:

**§ 1.19 Document supply fees.**

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(b) \* \* \*

(1) \* \* \*

(i) \* \* \*

(B) Copy Patent File Wrapper, Paper Medium, Any Number of Sheets: \$290.00.

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(ii) \* \* \*

(B) Copy Patent File Wrapper, Electronic, Any Medium, Any Size: \$60.00.

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**6.** Section 1.20 is revised to read as follows:**§ 1.20 Post issuance fees.**

(a) For providing a certificate of correction for applicant's mistake (§ 1.323): \$160.00.

(b) Processing fee for correcting inventorship in a patent (§ 1.324): \$160.00.

(c) In reexamination proceedings:

(1)(i) For filing a request for *ex parte* reexamination (§ 1.510(a)) having:

(A) Forty (40) or fewer pages;

(B) Lines that are double-spaced or one-and-a-half spaced;

(C) Text written in a non-script type font such as Arial, Times New Roman, or Courier;

(D) A font size no smaller than 12 point;

(E) Margins which conform to the requirements of § 1.52(a)(1)(ii); and

(F) Sufficient clarity and contrast to permit direct reproduction and electronic capture by use of digital imaging and optical character recognition.

Table 1 to Paragraph (c)(1)(i)

By a micro entity (§ 1.29)	\$1,575.00
By a small entity (§ 1.27(a))	3,150.00
By other than a small or micro entity	6,300.00

(ii) The following parts of an *ex parte* reexamination request are excluded from paragraphs (c)(1)(i) (A) through (F) of this section:

(A) The copies of every patent or printed publication relied upon in the request pursuant to § 1.510(b)(3);

(B) The copy of the entire patent for which reexamination is requested pursuant to § 1.510(b)(4);  
and

(C) The certifications required pursuant to § 1.510(b)(5) and (6).

(2) For filing a request for *ex parte* reexamination (§ 1.510(b)) which has sufficient clarity and contrast to permit direct reproduction and electronic capture by use of digital imaging and optical character recognition, and which otherwise does not comply with the provisions of paragraph (c)(1) of this section:

Table 2 to Paragraph ( c )(2)

By a micro entity (§ 1.29)	\$3,150.00
By a small entity (§ 1.27(a))	6,300.00
By other than a small or micro entity	12,600.00

(3) For filing with a request for reexamination or later presentation at any other time of each claim in independent form in excess of three and also in excess of the number of claims in independent form in the patent under reexamination:

Table 3 to Paragraph ( c )(3)

By a micro entity (§ 1.29)	\$120.00
By a small entity (§ 1.27(a))	240.00
By other than a small or micro entity	480.00

(4) For filing with a request for reexamination or later presentation at any other time of each claim (whether dependent or independent) in excess of 20 and also in excess of the number of claims in the patent under reexamination (note that § 1.75(c) indicates how multiple dependent claims are considered for fee calculation purposes):

Table 4 to Paragraph ( c )(4)

By a micro entity (§ 1.29)	\$25.00
By a small entity (§ 1.27(a))	50.00
By other than a small or microentity	100.00

(5) If the excess claims fees required by paragraphs (c)(3) and (4) of this section are not paid with the request for reexamination or on later presentation of the claims for which the excess claims fees are due, the fees required by paragraphs (c)(3) and (4) must be paid or the claims canceled by amendment prior to the expiration of the time period set for reply by the Office in any notice of fee deficiency in order to avoid abandonment.

(6) For filing a petition in a reexamination proceeding, except for those specifically enumerated in §§ 1.550(i) and 1.937(d):

Table 5 to Paragraph ( c )(6)

By a micro entity (§ 1.29)	\$510.00
By a small entity (§ 1.27(a))	1,020.00
By other than a small or micro entity	2,040.00

(7) For a refused request for *ex parte* reexamination under § 1.510 (included in the request for *ex parte* reexamination fee at § 1.20(c)(1) or (2)):

Table 6 to Paragraph ( c )(7)

By a micro entity (§ 1.29)	\$945.00
By a small entity (§ 1.27(a))	1,890.00
By other than a small or microentity	3,780.00

(d) For filing each statutory disclaimer (§ 1.321): \$170.00.

(e) For maintaining an original or any reissue patent, except a design or plant patent, based on an application filed on or after December 12, 1980, in force beyond four years, the fee being due by three years and six months after the original grant: □

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Table 7 to Paragraph ( e )

By a micro entity (§ 1.29)	\$500.00
By a small entity (§ 1.27(a))	1,000.00
By other than a small or micro entity	2,000.00

(f) For maintaining an original or any reissue patent, except a design or plant patent, based on an application filed on or after December 12, 1980, in force beyond eight years, the fee being due by seven years and six months after the original grant:

Table 8 to Paragraph ( f )

By a micro entity (§ 1.29)	\$940.00
By a small entity (§ 1.27(a))	1,880.00
By other than a small or micro entity	3,760.00

(g) For maintaining an original or any reissue patent, except a design or plant patent, based on an application filed on or after December 12, 1980, in force beyond twelve years, the fee being due by eleven years and six months after the original grant:

Table 9 to Paragraph ( g )

By a micro entity (§ 1.29)	\$1,925.00
By a small entity (§ 1.27(a))	3,850.00
By other than a small or micro entity	7,700.00

(h) Surcharge for paying a maintenance fee during the six-month grace period following the expiration of three years and six months, seven years and six months, and eleven years and six months after the date of the original grant of a patent based on an application filed on or after December 12, 1980:

Table 10 to Paragraph ( h )

By a micro entity (§ 1.29)	\$125.00
By a small entity (§ 1.27(a))	250.00
By other than a small or micro entity	500.00

(i) [Reserved]

(j) For filing an application for extension of the term of a patent.

Table 11 to Paragraph ( j )

(1) Application for extension under § 1.740	\$1,180.00
(2) Initial application for interim extension under § 1.790	440.00
(3) Subsequent application for interim extension under § 1.790	230.00

(k) In supplemental examination proceedings:

(1) For processing and treating a request for supplemental examination:

Table 12 to Paragraph ( k )(1)

By a micro entity (§ 1.29)	\$1,155.00
By a small entity (§ 1.27(a))	2,310.00
By other than a small or micro entity	4,620.00

(2) For *ex parte* reexamination ordered as a result of a supplemental examination proceeding:

Table 13 to Paragraph ( k )(2)

By a micro entity (§ 1.29)	\$3,175.00
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(ii) On grant of limited recognition under § 11.9(b) of this chapter: \$210.00.

(iii) On change of registration from agent to attorney: \$110.00.

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(5) For review of decision:

(i) By the Director of Enrollment and Discipline under § 11.2(c) of this chapter: \$420.00.

(ii) Of the Director of Enrollment and Discipline under § 11.2(d) of this chapter: \$420.00.

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(7) Annual Voluntary Inactive Fee: \$70.00.

(8) For the Annual Active Practitioner Fee:

(i) With certification of continuing legal education completion pursuant to § 11.8(d)(3) of this chapter: \$240.00.

(ii) Without certification of continuing legal education completion pursuant to § 11.8(d)(3) of this chapter: \$340.00.

(9) \* \* \*

(ii) Administrative reinstatement fee: \$210.00.

(10) On application by a person for recognition or registration after disbarment or suspension on ethical grounds, or resignation pending disciplinary proceedings in any other jurisdiction; on application by a person for recognition or registration who is asserting rehabilitation from prior conduct that resulted in an adverse decision in the Office regarding the person's moral character; and on application by a person for recognition or registration after being convicted of a felony or crime involving moral turpitude or breach of fiduciary duty; on petition for reinstatement by a person excluded or suspended on ethical grounds, or excluded on consent from practice before the Office: \$1,680.00.

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(k) For items and services that the Director finds may be supplied, for which fees are not specified by statute or by this part, such charges as may be determined by the Director with respect to each such item or service: Actual cost.

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(n) For handling an application in which proceedings are terminated pursuant to § 1.53(e): \$140.00.

(o) The receipt of a very lengthy sequence listing (mega-sequence listing) in an application under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) or 371 (<https://www.govinfo.gov/link/uscode/35/371>) is subject to the following fee:

(1) First receipt by the Office of a sequence listing in electronic form ranging in size from 300MB to 800MB (without file compression):

Table 1 to Paragraph ( o )(1)

By a micro entity (§ 1.29)	\$265.00
By a small entity (§ 1.27(a))	530.00
By other than a small or micro entity	1,060.00

(2) First receipt by the Office of a sequence listing in electronic form exceeding 800MB in size (without file compression):

Table 2 to Paragraph ( o )(2)

By a micro entity (§ 1.29)	\$2,625.00
By a small entity (§ 1.27(a))	5,250.00
By other than a small or micro entity	10,500.00

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(q) Additional Fee for Expedited Service: \$170.00.

8. Section 1.27 is amended by revising paragraph (c)(3) introductory text as follows:

**§ 1.27                      Definition of small entities and establishing status as a small entity to permit payment of small entity fees; when a determination of entitlement to small entity status and notification of loss of entitlement to small entity status are required; fraud on the Office.**

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(c) \* \* \*

(3) *Assertion by payment of the small entity basic filing, basic transmittal, basic national fee, international search fee, or individual designation fee in an international design application.* The payment, by any party, of the exact amount of one of the small entity basic filing fees set forth in § 1.16(a), (b), (c), (d), or (e), the small entity transmittal fee set forth in § 1.445(a)(1) or § 1.1031(a), the small entity international search fee set forth in § 1.445(a)(2) to a Receiving Office other than the United States Receiving Office in the exact amount established for that Receiving Office pursuant to PCT Rule 16, or the small entity basic national fee set forth in § 1.492(a), will be treated as a written assertion of entitlement to small entity status even if the type of basic filing, basic transmittal, or basic national fee is inadvertently selected in error. The payment, by any party, of the small entity first part of the individual designation fee for the United States to the International Bureau (§ 1.1031) will be treated as a written assertion of entitlement to small entity status.

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9. Section 1.431 is amended by revising paragraph (c) to read as follows:

**§ 1.431**

**International application requirements.**

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(c) Payment of the international filing fee (PCT Rule 15.2) and the transmittal and search fees (§ 1.445) may be made in full at the time the international application papers required by paragraph (b) of this section are deposited or within one month thereafter. The international filing, transmittal, and search fee payable is the international filing, transmittal, and search fee in effect on the receipt date of the international application. If the international filing, transmittal and search fees are not paid within one month from the date of receipt of the international application and prior to the sending of a notice of deficiency which imposes a late payment fee (§ 1.445(a)(6)), applicant will be notified and given a one month non-extendable time limit within which to pay the deficient fees plus the late payment fee.

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**10.**Section 1.445 is amended by revising paragraph (a) to read as follows:

**§ 1.445 International application filing, processing and search fees.**

(a) The following fees and charges for international applications are established by law or by the Director under the authority of 35 U.S.C. 376 (<https://www.govinfo.gov/link/uscode/35/376>):

(1) A transmittal fee ( *see* 35 U.S.C. 361(d) (<https://www.govinfo.gov/link/uscode/35/361>) and PCT Rule 14) consisting of:

(i) A basic portion:

(A) For an international application having a receipt date that is on or after [EFFECTIVE DATE OF FINAL RULE]:

Table 1 to Paragraph ( a )(1)( i )(A)

By a micro entity (§ 1.29)	\$65.00
By a small entity (§ 1.27(a))	130.00
By other than a small or micro entity	260.00

(B) For an international application having a receipt date that is on or after January 1, 2014 and before [EFFECTIVE DATE OF FINAL RULE]:

Table 2 to Paragraph ( a )(1)( i )(B)

By a micro entity (§ 1.29)	\$60.00
By a small entity (§ 1.27(a))	120.00
By other than a small or micro entity	240.00

(C) For an international application having a receipt date that is before January 1, 2014: \$240.00.

(ii) A non-electronic filing fee portion for any international application designating the United States of America that is filed on or after November 15, 2011, other than by the Office electronic filing system, except for a plant application:

Table 3 to Paragraph ( a )(1)( ii )

By a small entity (§ 1.27(a))	\$200.00
By other than a small entity	400.00

(2) A search fee ( *see* 35 U.S.C. 361(d) (<https://www.govinfo.gov/link/uscode/35/361>) and PCT Rule 16):

(i) For an international application having a receipt date that is on or after [EFFECTIVE DATE OF FINAL RULE]:

Table 4 to Paragraph ( a )(2)( i )

By a micro entity (§ 1.29)	\$545.00
By a small entity (§ 1.27(a))	1,090.00
By other than a small or micro entity	2,180.00

(ii) For an international application having a receipt date that is on or after January 1, 2014 and before [EFFECTIVE DATE OF FINAL RULE]:

Table 5 to Paragraph ( a )(2)( ii )

By a micro entity (§ 1.29)	\$520.00
By a small entity (§ 1.27(a))	1,040.00
By other than a small or micro entity	\$2,080.00

(iii) For an international application having a receipt date that is before January 1, 2014:  
\$2,080.00.

(3) A supplemental search fee when required, per additional invention:

(i) For an international application having a receipt date that is on or after [EFFECTIVE DATE OF FINAL RULE]:

Table 6 to Paragraph ( a )(3)( i )

By a micro entity (§ 1.29)	\$545.00
By a small entity (§ 1.27(a))	1,090.00
By other than a small or micro entity	2,180.00

(ii) For an international application having a receipt date that is on or after January 1, 2014 and before [EFFECTIVE DATE OF FINAL RULE]:

Table 7 to Paragraph ( a )(3)( ii )

By a micro entity (§ 1.29)	\$520.00
By a small entity (§ 1.27(a))	1,040.00
By other than a small or micro entity	2,080.00

(iii) For an international application having a receipt date that is before January 1, 2014:  
\$2,080.00.

(4) A fee equivalent to the transmittal fee in paragraph (a)(1) of this section that would apply if the USPTO was the Receiving Office for transmittal of an international application to the International Bureau for processing in its capacity as a Receiving Office (PCT Rule 19.4).

(5) Late furnishing fee for providing a sequence listing in response to an invitation under PCT Rule 13 *ter*:

Table 8 to Paragraph ( a )(5)

By a micro entity (§ 1.29)	\$75.00
By a small entity (§ 1.27(a))	150.00
By other than a small or micro entity	300.00

(6) Late payment fee pursuant to PCT Rule 16b *is.2*

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**11.**Section 1.482 is revised to read as follows:

**§ 1.482 International preliminary examination and processing fees.**

(a) The following fees and charges for international preliminary examination are established by the Director under the authority of 35 U.S.C. 376 (<https://www.govinfo.gov/link/uscode/35/376>):

(1) The following preliminary examination fee is due on filing the Demand:

(i) If an international search fee as set forth in § 1.445(a)(2) has been paid on the international application to the United States Patent and Trademark Office as an International Searching Authority:

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Table 1 to Paragraph ( a )(1)( i )

By a micro entity (§ 1.29)	\$160.00
By a small entity (§ 1.27(a))	320.00

By other than a small or micro entity	640.00
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(ii) If the International Searching Authority for the international application was an authority other than the United States Patent and Trademark Office:

Table 2 to Paragraph ( a )(1)( ii )

By a micro entity (§ 1.29)	\$200.00
By a small entity (§ 1.27(a))	400.00
By other than a small or micro entity	800.00

(2) An additional preliminary examination fee when required, per additional invention:

Table 3 to Paragraph ( a )(2)

By a micro entity (§ 1.29)	\$160.00
By a small entity (§ 1.27(a))	320.00
By other than a small or micro entity	640.00

(b) The handling fee is due on filing the Demand and shall be as prescribed in PCT Rule 57.

(c) Late furnishing fee for providing a sequence listing in response to an invitation under PCT Rule 13 *ter*:

Table 4 to Paragraph ( c )

By a micro entity (§ 1.29)	\$80.00
By a small entity (§ 1.27(a))	160.00
By other than a small or micro entity	320.00

**12.**Section 1.492 is amended by:

- a.** Revising paragraph (a);
- b.** Adding table headings in paragraphs (b)(1) and (2);
- c.** Revising paragraphs (b)(3) and (4);
- d.** Adding a table heading in paragraph (c)(1);
- e.** Revising paragraphs (c)(2) and (d);
- f.** Adding a table heading in paragraph (e);
- g.** Revising paragraphs (f) and (h);

**h.** Adding a table heading in paragraph (i); and

**i.** Revising paragraph (j).

The revisions and additions read as follows:

**§ 1.49**                    **2 National stage fees.**

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(a) The basic national fee for an international application entering the national stage under 35 U.S.C. 371 (<https://www.govinfo.gov/link/uscode/35/371>):

Table 1 to Paragraph ( a )

By a micro entity (§ 1.29)	\$80.00
By a small entity (§ 1.27(a))	160.00
By other than a small or micro entity	320.00

(b) \* \* \*

(1) \* \* \*

Table 2 to Paragraph ( b )(1)

\*            \*            \*            \*            \*

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(2) \* \* \*

Table 3 to Paragraph ( b )(2)

\*            \*            \*            \*            \*

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(3) If an international search report on the international application has been prepared by an International Searching Authority other than the United States International Searching Authority and is provided, or has been previously communicated by the International Bureau, to the Office:

Table 4 to Paragraph ( b )(3)

By a micro entity (§ 1.29)	\$135.00
By a small entity (§ 1.27(a))	270.00
By other than a small or micro entity	540.00

(4) In all situations not provided for in paragraph (b)(1), (2), or (3) of this section:

Table 5 to Paragraph ( b )(4)

By a micro entity (§ 1.29)	\$175.00
By a small entity (§ 1.27(a))	350.00
By other than a small or micro entity	700.00

(c) \* \* \*

(1) \* \* \*

Table 6 to Paragraph ( c )(1)

\* \* \* \* \*

(2) In all situations not provided for in paragraph (c)(1) of this section:

Table 7 to Paragraph ( c )(2)

By a micro entity (§ 1.29)	\$200.00
By a small entity (§ 1.27(a))	400.00
By other than a small or micro entity	800.00

(d) In addition to the basic national fee, for filing or on later presentation at any other time of each claim in independent form in excess of 3:

Table 8 to Paragraph ( d )

By a micro entity (§ 1.29)	\$120.00
By a small entity (§ 1.27(a))	240.00
By other than a small or micro entity	480.00

(e) \* \* \*

Table 9 to Paragraph ( e )

\* \* \* \* \*



(f) In addition to the basic national fee, if the application contains, or is amended to contain, a multiple dependent claim, per application:

Table 10 to Paragraph ( f )

By a micro entity (§ 1.29)	\$215.00
By a small entity (§ 1.27(a))	430.00
By other than a small or micro entity	860.00

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(h) Surcharge for filing any of the search fee, the examination fee, or the oath or declaration after the date of the commencement of the national stage (§ 1.491(a)) pursuant to § 1.495(c):

Table 11 to Paragraph ( h )

By a micro entity (§ 1.29)	\$40.00
By a small entity (§ 1.27(a))	80.00
By other than a small or micro entity	160.00

(i) \* \* \*

Table 12 to Paragraph ( i )

\* \* \* \* \*

(j) Application size fee for any international application, the specification and drawings of which exceed 100 sheets of paper, for each additional 50 sheets or fraction thereof:

Table 13 to Paragraph ( j )

By a micro entity (§ 1.29)	\$105.00
By a small entity (§ 1.27(a))	210.00
By other than a small or micro entity	420.00

## PART 11 – REPRESENTATION OF OTHERS BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE

13. The authority citation for 37 CFR part 11 (<https://www.ecfr.gov/current/title-37/part-11>) continues to read as follows:

**Authority:** 5 U.S.C. 500 (<https://www.govinfo.gov/link/uscode/5/500>); 15 U.S.C. 1123 (<https://www.govinfo.gov/link/uscode/15/1123>); 35 U.S.C. 2(b)(2) (<https://www.govinfo.gov/link/uscode/35/2>), 32 (<https://www.govinfo.gov/link/uscode/35/32>), 41 (<https://www.govinfo.gov/link/uscode/35/41>); sec. 1, Pub. L. 113–227 (<https://www.govinfo.gov/link/plaw/113/public/227>), 128 Stat. 2114.

**14.**Section 11.8 is amended by adding paragraph (d) to read as follows:

**§ 11.8 Oath and registration fee.**

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(d)(1) Each registered practitioner, as well as individuals granted limited recognition under § 11.9(b), shall each year, on or before a date to be set by the OED Director, pay to the OED Director an annual active patent practitioner fee as set forth in § 1.21(a)(8) of this chapter. Adequate notice shall be published and sent to practitioners in □ advance of the due date for payment of the annual active patent practitioner fee. Payment shall be for the calendar year in which the annual active patent practitioner fee is assessed. Practitioners shall not be liable for the annual active practitioner fee during the calendar year in which they are first registered or granted limited recognition. Practitioners who are endorsed on the register as administratively inactive pursuant to § 11.11(c) or in emeritus status pursuant to § 11.11(e)(2) shall not be liable for the annual active patent practitioner fee. Practitioners who have been disciplinarily suspended, excluded, or who have resigned shall not be liable for the annual active patent practitioner fee during the time period in which they are suspended, excluded, or have resigned.

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(2) Failure to comply with the provisions of paragraph (d)(1) of this section may result in the registered practitioner, or individual granted limited recognition under § 11.9(b), being charged a delinquency fee as set forth in § 1.21(a)(9)(i) of this chapter and may subject a practitioner to administrative suspension as set forth in § 11.11(b). An administratively suspended registered practitioner, or person granted limited recognition, may be reinstated or reactivated on the register pursuant to § 11.11(f)(1).

(3)(i) A registered practitioner, or person granted limited recognition under § 11.9(b), who certifies to the OED Director that the practitioner has completed, in the past 24 months, five hours of continuing legal education credits in patent law and practice and one hour of continuing legal education credit in ethics, shall pay an annual active patent practitioner fee in the amount set forth in § 1.21(a)(8)(i) of this chapter. All other registered practitioners, or persons granted limited recognition under § 11.9(b), shall pay an annual active patent practitioner fee in the amount set forth in § 1.21(a)(8)(ii) of this chapter.

(ii) A registered practitioner, or person granted limited recognition under § 11.9(b), may earn up to two of the five hours of continuing legal education credit in patent law and practice as set forth in paragraph (a) of this section by providing patent *pro bono* legal services through the USPTO Patent Pro Bono Program. One hour of continuing legal education credit in patent law and practice may be earned for every three hours of patent *pro bono* legal service.

**15.**Section 11.11 is amended by revising the section heading and paragraphs (a) and (b)(1), adding paragraph (b)(4), revising paragraph (d)(1), adding paragraph (d)(4), revising paragraphs (d)(6), (e), and (f)(1), and adding paragraphs (f)(3) through (5) to read as follows:

**§ 11.11 Administrative suspension, inactivation, resignation, reinstatement, and revocation.**

(a) *Contact information.* A registered practitioner must notify the OED Director of his or her postal address for his or her office, at least one and up to three email addresses where he or she receives email, and a business telephone number, as well as every change to any of said addresses or telephone number within thirty days of the date of the change. A registered practitioner shall, in addition to any notice of change of address and telephone number filed in individual patent applications, separately file written notice of the change of address or telephone number to the OED Director. A registered practitioner who is an attorney in good standing with the bar of the highest court of one or more States shall provide the OED Director with the State bar identification number associated with each membership. The OED Director shall publish from the register a list containing the name, postal business addresses, business telephone number, registration number, and registration status as an attorney or agent of each registered practitioner recognized to practice before the Office in patent matters. The OED Director may also publish from the register the continuing legal education certification status of each registered practitioner.

(b) \* \* \*

(1) Whenever it appears that a registered practitioner, or person granted limited recognition under § 11.9(b) has failed to comply with § 11.8(d)(1), the OED Director shall publish and send a notice to the registered practitioner or person granted limited recognition advising of the noncompliance, the consequence of being administratively suspended set forth in paragraph (b)(6) of this section if noncompliance is not timely remedied, and the requirements for reinstatement under paragraph (f) of this section. The notice shall be published and sent to the registered practitioner or person granted limited recognition by mail to the last postal address furnished under paragraph (a) of this section or by email addressed to the last email addresses furnished under paragraph (a) of this section. The notice shall demand compliance and payment of a delinquency fee set forth in § 1.21(a)(9)(i) of this chapter within sixty days after the date of such notice.

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(4) An administratively suspended registered practitioner or person granted limited recognition will continue to be assessed the annual active patent practitioner fee as set forth in § 11.8(d) during the period of administrative suspension.

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(d) \* \* \*

(1) Any active registered practitioner may voluntarily enter inactive status by filing a request, in writing, that his or her name be endorsed on the register as voluntarily inactive. Upon acceptance of the request, the OED Director shall endorse the name as voluntarily inactive.

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(4) Each registered practitioner, as well as individuals granted limited recognition under § 11.9(b), endorsed on the register as voluntarily inactive, shall each year, on or before a date to be set by the OED Director, pay to the OED Director an annual voluntary inactive fee as set forth in § 1.21(a)(7)

of this chapter. Adequate notice shall be published and sent to practitioners in advance of the due date for payment of the annual voluntary inactive fee. Payment shall be for the calendar year in which the annual voluntary inactive fee is assessed.

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(6) A voluntarily inactive practitioner may request reinstatement by complying with paragraph (f) (3) of this section.

(e) *Resignation and emeritus status.* (1) A registered practitioner or a practitioner recognized under § 11.14(c), who is not under investigation under § 11.22 for a possible violation of the USPTO Rules of Professional Conduct, subject to discipline under § 11.24 or § 11.25, or a practitioner against whom probable cause has been found by a panel of the Committee on Discipline under § 11.23(b), may resign by notifying the OED Director in writing that he or she desires to resign. Upon acceptance in writing by the OED Director of such notice, that registered practitioner or practitioner under § 11.14 shall no longer be eligible to practice before the Office in patent matters but shall continue to file a change of address for five years thereafter in order that he or she may be located in the event information regarding the practitioner's conduct comes to the attention of the OED Director or any grievance is made about his or her conduct while he or she engaged in practice before the Office. The name of any registered practitioner whose resignation is accepted shall be removed from the active register, endorsed as resigned, and notice thereof □ published in the Official Gazette. Upon acceptance of the resignation by the OED Director, the registered practitioner must comply with the provisions of § 11.116.

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(2) A registered practitioner who has been registered for 10 or more years and who is currently in active status may request emeritus status in writing from the OED Director, unless such practitioner is under investigation under § 11.22 for a possible violation of the USPTO Rules of Professional Conduct, is a practitioner against whom probable cause has been found by a panel of the Committee on Discipline under § 11.23(b), or is a respondent in a pending proceeding instituted under § 11.24, § 11.25, or § 11.29. Upon acceptance in writing by the OED Director of such request, the practitioner shall no longer be eligible to practice before the Office in patent matters, except to provide patent *pro bono* legal services through the USPTO Patent Pro Bono Program. An emeritus practitioner performing *pro bono* legal services may neither ask for nor receive any compensation of any kind from the client, except for out-of-pocket expenses, for the patent legal services rendered by the emeritus practitioner. The name of any individual whose emeritus status is accepted shall be endorsed as emeritus. Upon acceptance of the emeritus status by the OED Director, the emeritus practitioner shall comply with the provisions of § 11.116 and shall continue to file a change of address for the period of their emeritus status.

(f) \* \* \*

(1)(i) Any administratively suspended registered practitioner, or person granted limited recognition under § 11.9(b) may be reinstated on the register provided the practitioner:

(A) Is not a party to a disciplinary proceeding;

(B) Has applied for reinstatement on an application form supplied by the OED Director;

(C) Has demonstrated compliance with the provisions of § 11.7(a)(2)(i) and (iii);

(D) Has submitted a declaration or affidavit attesting to the fact that the practitioner has read the most recent revisions of the patent laws and the rules of practice before the Office;

(E) Has paid the fees set forth in § 1.21(a)(9)(ii) of this chapter; and

(F) Has paid all outstanding fees as set forth in § 1.21(a)(8) of this chapter, as well as any applicable delinquency fees as set forth in § 1.21(a)(9)(i) of this chapter, for each year the practitioner is administratively suspended.

(ii) Practitioners who certify to the OED Director that they have completed six hours of continuing legal education over the past twenty four months, comprising five hours in the area of patent law and one hour in ethics, may receive a \$100 discount on the annual fee for each year in which they are administratively suspended. A practitioner will be subject to investigation and discipline for his or her conduct that occurs prior to, during, or after the period of his or her administrative suspension. Any administratively suspended registered practitioner or person granted limited recognition who fails to make these complete payments within five years of the effective date of the suspension for nonpayment shall be required to file a petition to the OED Director requesting reinstatement and providing objective evidence that they continue to possess the necessary legal qualifications to render applicants valuable service to patent applicants.

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(3)(i) Any registered practitioner whose name has been endorsed as voluntarily inactive pursuant to paragraph (d)(1) of this section may be reinstated on the register provided the practitioner:

(A) Is not a party to a disciplinary proceeding;

(B) Has applied for reinstatement on an application form supplied by the OED Director;

(C) Has demonstrated compliance with the provisions of § 11.7(a)(2)(i) and (iii);

(D) Submits a declaration or affidavit attesting to the fact that the practitioner has read the most recent revisions of the patent laws and the rules of practice before the Office;

(E) Paid the reinstatement fee set forth in § 1.21(a)(9)(ii) of this chapter; and

(F) Paid the fee set forth in § 1.21(a)(7) of this chapter for each year the practitioner was voluntarily inactive.

(ii) A practitioner is subject to investigation and discipline for his or her conduct that occurred prior to, during, or after the period of his or her voluntary inactivation.

(4) Any registered practitioner who has been endorsed as resigned pursuant to paragraph (e) of this section may be reinstated on the register provided the practitioner has applied for reinstatement on an application form supplied by the OED Director, demonstrated compliance with the provisions of § 11.7(a)(2)(i) and (iii), paid the reinstatement fee set forth in § 1.21(a)(9)(ii) of this chapter, and paid the fees set forth in § 1.21(a)(7) of this chapter for each year the

practitioner was resigned. A practitioner who has resigned for two or more years before the date the Office receives a completed application from the person who resigned must also pass the registration examination under § 11.7(b)(1)(ii). Any reinstated practitioner is subject to investigation and discipline for his or her conduct that occurred prior to, during, or after the period of his or her resignation.

(5) Any registered practitioner in emeritus status may be reinstated on the register provided the practitioner has applied for reinstatement on an application form supplied by the OED Director, paid the reinstatement fee set forth in § 1.21(a)(9)(ii) of this chapter, and paid the fee set forth in § 1.21(a)(7) of this chapter for each year the practitioner was in emeritus status. Any reinstated practitioner is subject to investigation and discipline for his or her conduct that occurred prior to, during, or after emeritus status being conferred.

## PART 41 – PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

**16.** The authority citation for 37 CFR part 41 (<https://www.ecfr.gov/current/title-37/part-41>) continues to read as follows:

**Authority:** 35 U.S.C. 2(b)(2) (<https://www.govinfo.gov/link/uscode/35/2>), 3(a)(2)(A) (<https://www.govinfo.gov/link/uscode/35/3>), 21 (<https://www.govinfo.gov/link/uscode/35/21>), 23 (<https://www.govinfo.gov/link/uscode/35/23>), 32 (<https://www.govinfo.gov/link/uscode/35/32>), 41 (<https://www.govinfo.gov/link/uscode/35/41>), 134 (<https://www.govinfo.gov/link/uscode/35/134>), 135 (<https://www.govinfo.gov/link/uscode/35/135>), and Pub. L. 112–29 (<https://www.govinfo.gov/link/plaw/112/public/29>).

**17.** Section 41.20 is amended by revising paragraphs (a), (b)(1), (b)(2)(ii), and (b)(3) and (4) to read as follows:

### § 41.20 Fees.

(a) *Petition fee.* The fee for filing a petition under this part is: \$420.00.

(b) \* \* \*

(1) For filing a notice of appeal from the examiner to the Patent Trial and Appeal Board:

Table 1 to Paragraph ( b )(1)

By a micro entity (§ 1.29)	\$210.00
By a small entity (§ 1.27(a))	420.00
By other than a small or micro entity	840.00

(2) \* \* \*

(ii) In addition to the fee for filing a notice of appeal, for filing a brief in support of an appeal in an *inter partes* reexamination proceeding:

Table 2 to Paragraph ( b )(2)(ii)

By a micro entity (§ 1.29)	\$525.00
By a small entity (§ 1.27(a))	1,050.00
By other than a small or micro entity	2,100.00

(3) For filing a request for an oral hearing before the Board in an appeal under 35 U.S.C. 134 (<https://www.govinfo.gov/link/uscode/35/134>): □

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Table 3 to Paragraph ( b )(3)

By a micro entity (§ 1.29)	\$340.00
By a small entity (§ 1.27(a))	680.00
By other than a small or micro entity	1,360.00

(4) In addition to the fee for filing a notice of appeal, for forwarding an appeal in an application or *ex parte* reexamination proceeding to the Board:

Table 4 to Paragraph ( b )(4)

By a micro entity (§ 1.29)	\$590.00
By a small entity (§ 1.27(a))	1,180.00
By other than a small or micro entity	2,360.00

## PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

**18.** The authority citation for 37 CFR part 42 (<https://www.ecfr.gov/current/title-37/part-42>) continues to read as follows:

**Authority:** 35 U.S.C. 2(b)(2) (<https://www.govinfo.gov/link/uscode/35/2>), 6 (<https://www.govinfo.gov/link/uscode/35/6>), 21 (<https://www.govinfo.gov/link/uscode/35/21>), 23 (<https://www.govinfo.gov/link/uscode/35/23>), 41 (<https://www.govinfo.gov/link/uscode/35/41>), 135 (<https://www.govinfo.gov/link/uscode/35/135>), 311 (<https://www.govinfo.gov/link/uscode/35/311>), 312 (<https://www.govinfo.gov/link/uscode/35/312>), 316 (<https://www.govinfo.gov/link/uscode/35/316>), 321–326 (<https://www.govinfo.gov/link/uscode/35/321>); Pub. L. 112–29 (<https://www.govinfo.gov/link/plaw/112/public/29>), 125 Stat. 284; and Pub. L. 112–274 (<https://www.govinfo.gov/link/plaw/112/public/274>), 126 Stat. 2456.

**19.** Section 42.15 is revised to read as follows:

### § 42.15 Fees.

(a) On filing a petition for *inter partes* review of a patent, payment of the following fees are due:

(1) *Inter Partes* Review request fee: \$19,500.00.

(2) *Inter Partes* Review Post-Institution fee: \$18,750.00.

(3) In addition to the *Inter Partes* Review request fee, for requesting review of each claim in excess of 20: \$375.00.

(4) In addition to the *Inter Partes* Post-Institution request fee, for requesting review of each claim in excess of 20: \$750.00.

(b) On filing a petition for post-grant review or covered business method patent review of a patent, payment of the following fees are due:

(1) Post-Grant or Covered Business Method Patent Review request fee: \$20,000.00.

(2) Post-Grant or Covered Business Method Patent Review Post-Institution fee: \$27,500.00.

(3) In addition to the Post-Grant or Covered Business Method Patent Review request fee, for requesting review of each claim in excess of 20: \$475.00.

(4) In addition to the Post-Grant or Covered Business Method Patent Review Post-Institution fee, for requesting review of each claim in excess of 20: \$1,050.00.

(c) On the filing of a petition for a derivation proceeding, payment of the following fees is due:

(1) Derivation petition fee: \$420.00.

(2) [Reserved]

(d) Any request requiring payment of a fee under this part, including a written request to make a settlement agreement available: \$420.00.

(e) Fee for non-registered practitioners to appear before the Patent Trial and Appeal Board: \$250.00.

Dated: July 18, 2019.

Andrei Iancu,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

## Footnotes

1. For more information, see <https://www.uspto.gov/patent/laws-and-regulations/micro-entity-status-gross-income-limit> (<https://www.uspto.gov/patent/laws-and-regulations/micro-entity-status-gross-income-limit>).

Back to Citation



[FR Doc. 2019-15727 (/d/2019-15727) Filed 7-30-19; 8:45 am]

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