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## Setting and Adjusting Patent Fees During Fiscal Year 2020

A Rule by the [Patent and Trademark Office](#) on 08/03/2020

## DOCUMENT DETAILS

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

**Dates:**

This rule is effective on October 2, 2020, except for the amendment to Sec. 1.16(u) in amendatory instruction 2i, which is effective on January 1, 2022. The changes to Sec. 1.18(b)(1) shall apply to those international design applications under the Hague Agreement having a date of international registration on or after October 2, 2020.

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**DOCUMENT STATISTICS****PUBLISHED DOCUMENT**[Start Printed Page 46932](#)**AGENCY:**

United States Patent and Trademark Office, Department of Commerce.

**ACTION:**

Final rule.

**SUMMARY:**

The United States Patent and Trademark Office (Office or USPTO) sets or adjusts 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 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 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 assumptions and estimates found in the FY 2021 Congressional Justification (FY 2021 Budget)) and to allow the Office to continue progress toward achieving its strategic goals.

**DATES:**

This rule is effective on October 2, 2020, except for the amendment to § 1.16(u) in amendatory instruction 2i, which is effective on January 1, 2022. The changes to § 1.18(b)(1) shall apply to those international design applications under the Hague Agreement having a date of international registration on or after October 2, 2020.

**FOR FURTHER INFORMATION CONTACT:**

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

**SUPPLEMENTARY INFORMATION:**

## I. Executive Summary

### A. Purpose of This Action

The Office issues this Final 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 Public Law 115–273 (<https://www.govinfo.gov/link/plaw/115/public/273>), 132 Stat. 4158 (the SUCCESS Act), 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. The revenue and workload assumptions in this Final Rule are based on the assumptions and estimates found in the FY 2021 Budget. However, projections of aggregate revenues and costs are based on point-in-time estimates, and are subject to change. Notably, since the FY 2021 Budget was published, fee collections have been lower than anticipated, due, in part, to fewer application filings resulting from the COVID–19 outbreak.

Although economic circumstances have changed substantially since the FY 2021 Budget was developed, the USPTO determined it remains the most appropriate starting point for developing this Final Rule. First, the USPTO's projections of aggregate revenues and costs are necessarily estimates that can change substantially from one point in time to the next due to numerous factors outside the USPTO's control, including cyclical economic changes or exogenous shocks, such as COVID–19, changes in the laws governing USPTO revenues or expenditures, and other events. Nevertheless, the USPTO has historically used its most recent budget assumptions when setting fees, because they are the most recent complete evaluation of the USPTO's budget expectations and requirements, and provide assumptions for stakeholders to use when formulating their comments. Those projections were developed in late calendar year 2019, prior to the COVID–19 outbreak, and assumed continuing stable economic growth, not the sharp economic downturn and rebound of 2020.

The FY 2021 Budget was developed based on the assumptions that real GDP would grow around 2.2 percent in FY 2020 and 1.9 percent in FY 2021. The USPTO appreciates that revenue estimates based on those assumptions may be higher than what will ultimately be collected.

The USPTO has considered the state of the U.S. economy, the operational needs of the agency, and the comments and advice received from the public during the 60-day comment period. The USPTO has made adjustments to the timing of the Final Rule based on all of these considerations, specifically delay publishing the Final Rule from April with a July effective date to August with an October effective date. This approach is consistent with the USPTO's many other efforts to provide various types of relief to stakeholders, including deadline extensions and fee postponements. Ultimately, the goal of the USPTO is to ensure not only that businesses and entrepreneurs can weather the economic downturn, but that they can hit the ground running as it passes.

### 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 296 fees set or adjusted in this rule align directly with the Office's strategic goals and four key fee setting policy factors, discussed in detail in Part III: Rulemaking Goals and Strategies.

The assumptions and estimates found in the FY 2021 Budget show that the fee schedule in this 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: [www.uspto.gov/strategicplan](http://www.uspto.gov/strategicplan) (<http://www.uspto.gov/strategicplan>). 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 fee setting rule supports the patent-related strategic goal to optimize patent quality and timeliness, which includes optimizing patent application pendency and examination time frames, issuing highly reliable patents, fostering innovation through business effectiveness, and enhancing the operations of the Patent Trial and Appeal Board (PTAB or Board). 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 rule also supports the 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 the speed, quality, and cost-effectiveness of IT delivery to achieve business value and ensuring financial sustainability to facilitate effective USPTO operations. Before issuing this Final Rule, the Office considered and analyzed all comments, advice, and recommendations received from the public during the 60-day comment period. The Office's response to comments received is available in Part VI: Discussion of Comments.

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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 the assumptions and estimates found in the FY 2021 Budget) 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 system, and offer processing options for applicants.

This Final Rule sets or adjusts 296 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 fee rates for small and micro entities are tiered, with small entities receiving a 50 percent discount on certain patent fees and micro entities receiving 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 to the invention. Micro entity fee eligibility is described in section 10(g) of the AIA. The Office is also introducing five new fees and discontinuing four fees.

Overall, the routine fees to obtain a patent ( *i.e.*, filing, search, examination, and issue fees) will increase under this Final Rule, 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. 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) of the AIA. Additional information describing the fee adjustments is included in Part V: Individual Fee Rationale in this rulemaking and in the "Table of Patent Fees: Current, Final Patent Fee Schedule, and Unit Cost" (hereinafter "Table of Patent Fees") available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

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 Fiscal Year (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 system, 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 the patent application backlog and pendency.

Since the development of the USPTO fee schedule currently in effect, there have been changes to a number of the assumptions on which the cost and revenue projections supporting that rulemaking were based. Notably, since the January 2018 Final Rule was published, the USPTO's projected patent examination costs have increased, and (b) fee collections have been lower than anticipated due to a later than planned implementation of the January 2018 Final Rule. The higher fees set or adjusted in this 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 USPTO must continually reinforce the predictability, reliability, and quality of those IP rights. Doing so fosters the utmost confidence in the legal durability of the USPTO's products and inspires 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 was 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, an increase in available prior art that must be searched, the impact of new electronic tools on the examination process, the challenges of transitioning to a new patent classification system, and changes in the legal landscape. As the USPTO plans for the future, the Office considers 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 35 U.S.C. 101 (<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 any potential later challenge or litigation phases during the life of a patent, and an increase in 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 the implementation of other improvements, have increased the average cost to conduct each proceeding. These changes are discussed in detail in Part V: Individual Fee Rationale. □

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In addition, as a production-oriented entity, the USPTO relies on 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 the USPTO's IT systems. To accomplish its performance-based strategies, the USPTO continuously engages in multi-year efforts to stabilize and 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 Patent Application Information Retrieval (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, in FY 2019, the USPTO performed an assessment of its IT systems, infrastructure, and processes and began stabilizing and modernizing IT. One of the first improvements was to move the critical Patent Application Location Monitoring (PALM) system from an aging server to new servers that are at least 10 times more reliable, 100 times faster, and use less than half of the power consumed by the prior server.

The FY 2021 Budget does not anticipate that investments in IT modernization and stabilization costs will increase beyond levels previously foreseen. However, given the assumptions and estimates of revenue and spending found in the FY 2021 Budget, this fee increase is needed to support continuing IT investments at previously planned levels. Without an increase in the 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 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. The USPTO's operating reserves enable the Office to mitigate this risk. For instance, 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 was able to remain open using funds available from the operating reserves. This allowed the USPTO to continue operations, thus preventing a significant degradation in service levels, such as patent pendency time frames. This example provides an ongoing, compelling case for the operating reserves' significant value. Both external factors and internal decisions

impacting the spending and revenue projections mentioned above have affected the Office's ability to grow the operating reserve to the levels anticipated in the January 2018 Final Rule. The USPTO assesses risk annually and determines the minimum level of reserves necessary to shield core operations against known financial risks. The Office also establishes optimal operating reserve targets, which are reviewed at least biennially, based on an assessment of the likelihood and severity of an array of risks. Based on the cost and revenue assumptions found in the FY 2021 Budget, the USPTO's patent operating reserve is projected to remain above the minimum level and gradually build toward the optimal level, due to the impact of this Final Rule. Absent this fee increase, the USPTO's patent operating reserve will fall below the minimum level in FY 2021 and be exhausted by the end of FY 2022, which will 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, Congress recognized the Office as a good steward of fee setting authority and extended that authority through the SUCCESS Act.

In order to continue building on the progress made over the past several years, and consistent with the USPTO's biennial fee review policy, the final patent fee schedule detailed herein continues 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 IP rights. This Final Rule seeks to provide the USPTO sufficient financial resources to facilitate the effective administration of the U.S. IP system. This Final Rule includes targeted fee adjustments, and an approximately 5 percent across-the-board adjustment to all patent fees that are not covered by the targeted adjustments or that are discontinued. This Final Rule is needed because critical costs to the Office continue to increase. Based on the assumptions and estimates found in the FY 2021 Budget, the fees set forth in this Final Rule will help replenish and grow the patent operating reserve and maintain the 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 10 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 set or adjusted in this Final Rule intend to position the Office well to deliver on  known commitments and address unknown risks in the future.

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

This Final 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 Final Rule over a five-year period, FY 2020–FY 2024. The RIA includes an analysis of four alternatives and shows how well they aligned with 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 the Office of Management and Budget (OMB) Circular A-4, "Regulatory Analysis," this 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 this Final 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 this Final Rule but found that this Final Rule has significant qualitative benefits with no identified costs.

The qualitative costs and benefits that the RIA assesses are: (1) Fee schedule design—a measure of how well the fee schedule aligns with 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 based on assumptions and estimates found in the FY 2021 Budget and described in the Final Rule, Strategic Plan, and FY 2021 Budget. Based on the costs and benefits identified and analyzed in the RIA, the fee schedule detailed in this Final Rule offers the highest net benefits. As described throughout this document, the final patent 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: Individual Fee Rationale, the fee changes are targeted in support of one or more fee setting policy factors. Lastly, this Final Rule secures the aggregate revenue needed to achieve the strategic priorities encompassed in the rulemaking goals and strategies ( *see* Part III: Rulemaking Goals and Strategies). The final patent fee schedule allows for optimizing patent quality and timeliness. This significantly increases the value of patents by advancing commercialization of new technologies sooner and reducing uncertainty regarding the scope of patent rights, which fosters innovation and has a positive effect on economic growth. The RIA explains the results in more detail at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

## 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 of the 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 USPTO 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, as amended, 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 35 U.S.C. ch. 11 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 January 2013 Final Rule, and the Office will maintain this 75 percent micro entity discount for the appropriate fees and will 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 available to the public a written report 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/FeeSettingAndAdjusting> ([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 and Adjusting section of the USPTO website, <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

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 the notice of proposed rulemaking (NPRM) Setting and Adjusting Patent Fees during Fiscal Year 2020. The NPRM and associated materials are available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>). Likewise, before issuing this Final Rule, the Office considered and analyzed all comments, advice, and recommendations received from the public during the 60-day comment period. The Office's response to comments received is available in Part VI: Discussion of Comments.

### III. Rulemaking Goals and Strategies

#### A. Fee Setting Strategy

The overall strategy of this Final Rule is to establish a fee schedule that generates sufficient multi-year revenue to recover the aggregate cost of maintaining USPTO patent-related operations and accomplishing the USPTO's patent-related 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 the 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 assesses its alignment with the four key fee setting policy factors: (1) Promoting innovation strategies, (2) aligning fees with the full cost of products and services, (3) facilitating the effective administration of the U.S. patent system, and (4) 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 a 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 final 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 and the public comments received in response to the July 2019 NPRM. The Office carefully considered the comments, advice, and recommendations offered by the PPAC and public. Collectively, these considerations informed 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 with the costs of specific patent products and services. The document entitled "Setting and Adjusting Patent Fees during Fiscal Year 2020—Activity Based Information and Patent Fee Unit Expense Methodology," available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>), provides details on the Office's costing methodology in addition to four years of historical cost data. Part IV of this Final 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 Final Rule, the USPTO considered 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 2021 Budget. The FY 2021 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 the 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 its 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, including a reduction in the estimates for request for continued examination (RCE) submissions over several years and maintenance fee collections. These assumptions and estimates are found in the FY 2021 Budget.

Despite increases in serialized filings in FYs 2017 through 2019, the rate of RCE submissions during that same time period was much less than expected. In particular, 2018 and 2019 saw a 10 percent decrease in the number of RCEs filed compared to the number projected, and RCE projections for FY 2020 and beyond have been reduced accordingly (as found in the FY 2021 Budget). This reduction of RCEs enables USPTO examining staff to re-allocate more of their time to examine an increased number of serialized filings, thereby reducing our unexamined inventory. While the USPTO considers the reduction in RCE submissions to be a generally positive development, it has resulted in the FY 2020 and FY 2021 revenues being lower than expected when the January 2018 Final Rule was published.

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In FYs 2017 through 2019 maintenance fee collections, particularly the most expensive third stage collections, were lower than projected. As a result, the refreshed forecast included in the FY 2021 Budget has been lowered.

Absent the increase in fees or an unsustainable reduction in operating costs, the USPTO will 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 time frames 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 time frames and making sure that the Office has the appropriate number of examiners to generate the level of production to meet those time frames. This Final 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—has 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 they relate 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 who currently receive the least amount of time for examination will generally see the largest increases in examination time, and

conversely, examiners who 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 provide 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 the after final consideration pilot (AFCP) and interviews, along with increased training needs due to changes in the 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 is committed to resolving appeals and *inter partes* matters within statutory or USPTO time frames, 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 implements other improvements, as  detailed in Part V: Individual Fee Rationale, the average workload associated with each trial is increasing.

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*(c) Business Effectiveness.* Given the estimates of costs and revenue found in the FY 2021 Budget and absent efforts to boost future revenue, funding for other USPTO and stakeholder priorities, like IT stabilization and modernization and other business improvement initiatives, will need to be reduced to well below planned levels in the coming years. To this end, revenue generated from the final patent fee schedule will enable the USPTO to focus on how the Patents 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.

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 final 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 Final 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/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>), 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 evaluates 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 2019 evaluation of the patent operating reserve relative to the 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 2021 Budget, the USPTO estimated that its aggregate patent operating costs for FY 2021, including administrative costs, would be \$3.3 billion, and aggregate estimated patent fee collections and other income would be \$3.4 billion, with the difference being added to the operating reserve. The health of the operating reserve is a key consideration as the USPTO sets its fees. Aided by the increased fees detailed in this Final Rule, future year projections are anticipated to gradually build the operating reserve toward the optimal level of three months' operating requirements while maintaining the minimum operating reserve balance during the five-year period. The projections found in the FY 2021 Budget 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 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. For example, the legally mandated 2019 and 2020 pay raises added a cumulative cost of \$445 million (from FY 2020 to FY 2024) to patent operations. As seen in Table 2, 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 various 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 10 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 and the Public.* As detailed in the NPRM, 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). The Office considered and analyzed the comments, advice, and recommendations received from the PPAC before publishing this Final Rule.

Likewise, the Office considered and analyzed the comments, advice, and recommendations received from the public during the 60-day comment period before publishing this Final Rule. The Office's response to comments received is available in Part VI: Discussion of Comments.

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

The Office estimates that the patent fee schedule in this Final Rule 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 2020 and beyond. Using the Strategic Plan as a foundation, the Final 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 final patent fee schedule:

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 costs over the five-year period.

Step 3: Set or adjust individual fee amounts to collectively (through executing Step 2) recover projected aggregate costs 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 costs 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 costs, 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 III: Multi-year Planning by Business Line, of the FY 2021 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 OMB-directed 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 2021 Budget). The Office then estimates the prospective cost of 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 2021 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.

Based on the assumptions and estimates found in the FY 2021 Budget, during FY 2020, patent operations will cost \$3.256 billion ( *see* Appendix II of the FY 2021 Budget), including \$2.221 billion for patent examining; \$92 million for patent trial and appeals; \$167 million for patent information resources; \$28 million for activities related to IP protection, policy, and enforcement; and \$754 million for general support costs necessary for patent operations ( *e.g.*, the patent share of rent; utilities; legal, financial, human resources, and other administrative services; and Office-wide IT infrastructure and support costs). In addition, the Office will transfer \$2 million to the Department of Commerce Inspector General for audit support. The Office also estimates collecting \$34 million in other income associated with recoveries and reimbursable agreements (offsets to spending).

A detailed description of the operating requirements and related aggregate costs is located in the FY 2021 Budget . Table 1 below provides key underlying production workload projections and assumptions from the FY 2021 Budget used to calculate aggregate costs. Table 2 ( *see* Step 2) presents the total budgetary requirements (prospective aggregate costs) for FY 2020 through FY 2024 and the estimated collections and operating reserve balances that will result from the adjustments contained in this Final Rule. As the FY 2021 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.*, those associated with the re-compete of major contracts,



including property leases, 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 1—Patent Production Workload Projections—FY 2020—FY 2024

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Utility, Plant, and Reissue (UPR):</b>					
Applications *	632,400	632,100	642,700	652,900	662,500
Application Growth Rate	1.9%	0.0%	1.7%	1.6%	1.5%
Production Units	604,300	589,500	607,700	626,400	642,600
Unexamined Patent Application Backlog	559,600	571,600	569,300	557,600	538,400
Examination Capacity **	8,451	8,780	9,094	9,395	9,684
<b>Performance Measures (UPR):</b>					
Avg. First Action Pendency (Months)	15.5	15.5	15.4	15.0	14.5
Avg. Total Pendency (Months)	23.7	23.9	24.0	23.7	23.2

	<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 2021 Budget.*

## Step 2: Calculate Prospective Aggregate Revenue

As described above in Step 1, the USPTO's FY 2020 requirements in the FY 2021 Budget include the aggregate prospective costs 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 costs become 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.

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. At the time the FY 2021 Budget was developed, CBO anticipated RGDP to grow around 2.2 percent in FY 2020 and 1.9 percent in FY 2021.

These indicators correlate with patent application filings, which are key drivers 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 Final Rule, 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, RCE fees, appeal fees, AIA trial fees, and maintenance fees, including distinctions by entity size where applicable. Additional details about the Office's elasticity estimates can be found in "Setting and Adjusting Patent Fees during Fiscal Year 2020—Description of Elasticity Estimates," available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

### SUMMARY OF STEP 2

Patent fees are collected for patent-related services and products at different points in 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, based on assumptions found in the FY 2021 Budget, ( *see* Table 2) 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 for the FY 2021 Budget, the Office assumed that all Final Rule fee rates would become effective on July 10, 2020, except for the new non-DOCX filing surcharge fee, which was assumed to become effective on January 1, 2021. The effective dates of all Final Rule fee rates have since been delayed from those original assumptions as USPTO further assessed the impact of the □ pandemic on the economy and stakeholders. Using these figures, the USPTO summed the individual fee revenue estimates, and the result is a total aggregate revenue estimate for a given year ( *see* Table 2). Additional details about the Office's aggregate revenue, including projected workloads by fee, can be found in “Aggregate Revenue Tables, Final Patent Rule Schedule” available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

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Table 2 shows the available revenue and operating reserve balances by fiscal year, including the Final Rule fee rates in the projected fee collections. The estimates in the table can be found in the FY 2021 Budget and were developed in late calendar year 2019, prior to the COVID–19 outbreak. Under current circumstances, it is difficult to predict what the actual numbers will be.

Table 2—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	3,400	3,251	3,709	3,744	3,861
Other Income	34	34	34	34	34
Total Projected Fee Collections and Other Income	3,435	3,285	3,743	3,778	3,895
Budgetary Requirements	3,256	3,455	3,601	3,681	3,800
Funding to (+) and from (-) Operating Reserve	179	(170)	141	97	95
EOY Operating Reserve Balance	587	417	558	656	751
Over/(Under) \$300M Minimum Level	287	117	258	356	451
Over/(Under) Optimal Level	(227)	(447)	(342)	(265)	(200)



	<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>

*\* The assumed effective date for the Final Patent Fee Schedule shifts some projected collections from FY 2021 to FY 2020, due to the expectation that patentees who are eligible will submit maintenance fee payments prior to the effective date of the Final Rule.*

### 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 Part 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 costs for an organization's activities and outputs by individual fees 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, can be found in the document entitled "Setting and Adjusting Patent Fees during Fiscal Year 2020—Activity Based Information and Patent Fee Unit Expense Methodology" available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>). The USPTO provides data for FY 2016–FY 2019 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

Based on assumptions and estimates found in the FY 2021 Budget, the Office projects that the aggregate revenue generated from the new 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" Patent Pub. Advisory Comm., Fee Setting Report [2] (2018).

It is important to recognize that each individual 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 individual 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 costs 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 in this Final Rule, 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 fee 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.

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

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

In order to both keep the USPTO on a stable financial track and allow for the advancement of policies and practices that enhance the country's innovation ecosystem, the Office is adjusting all patent fees not covered by the targeted adjustments as discussed in section B, or to be discontinued as discussed in section C, by approximately 5 percent. Given the time that has passed between the implementation date of the last fee adjustments and this Final Rule, a 5 percent increase is similar to fees increasing by 2 percent annually to help USPTO keep up with the cost of inflation and other cost increases, such as mandatory pay raises not planned for in previous budgets. Individual fees, above \$50, are rounded to the nearest \$10<sup>[1]</sup> 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 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 5 percent increase would round down to the current fee, while other fees would change by slightly more or less than 5 percent, depending on rounding. The fee adjustments in this category are listed in the Table of Patent Fees.

The 5 percent across-the-board adjustment strikes an appropriate balance between projected aggregate revenue and aggregate costs based on the assumptions used to develop the point-in-time estimates that support this Final Rule. The underlying cost and revenue estimates in this Final Rule, which are supported by the FY 2021 Budget, show that fees are set at levels that secure aggregate cost recovery while ensuring a reasonable pace for operating reserve growth.

### **B. Targeted Fees**

For those fees targeted for specific adjustments in this Final Rule, 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 and reissue 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, and (b) *pro hac vice*. As discussed further below and in USPTO's responses to public comments, the USPTO has considered public feedback on the proposed (c) annual active patent practitioner fee and has decided not to

proceed with implementing this fee at this time. The USPTO does plan to pursue procedures to allow patent practitioners to voluntarily certify whether they have completed a minimum amount of continuing legal education (CLE). The USPTO further expects that registered practitioners who certify that they have completed such CLE will be recognized in the online practitioner directory. In the near future, the USPTO plans to issue proposed guidelines regarding such voluntary CLE certification, with a request for public comments.

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 and percentage changes for new fees.

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

The following fees are to be increased by an amount other than the 5 percent across-the-board increase 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 3—Maintenance Fee Surcharge Fees—Fee Changes and Unit Cost

<b>Fee description</b>	<b>Current fees large (small) [micro] entity</b>	<b>Final rule fees large (small) [micro] entity</b>	<b>Dollar change large (small) [micro] entity</b>	<b>Percentage change large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>	<b>FY 2019 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	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	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	n/a



The Office will set the surcharge for a late maintenance fee payment within six months following the due date at \$500 for large entities. 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 of 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.

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 by 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, 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 4—Request for Expedited Examination of a Design Application Fee—Fee Changes and Unit Cost



<b>Fee description</b>	<b>Current fees large (small) [micro] entity</b>	<b>Final rule fees large (small) [micro] entity</b>	<b>Dollar change large (small) [micro] entity</b>	<b>Percentage change large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>	<b>FY 2019 unit cost</b>
Request for expedited examination of a design application	\$900 (\$450) [\$225]	\$1,600 (\$800) [\$400]	+\$700 (+\$350) [+\$175]	+78 (+78) [+78]	\$125	\$97

In the NPRM, the Office proposed increasing the fee to request expedited examination of a design application to \$2,000. In this Final Rule, after carefully considering comments from the PPAC and the public, the Office is increasing the fee to request expedited examination of a design application to \$1,600 for a large entity. This fee was introduced at a fee rate of \$900 in November 2000. The Office is increasing the fee for the first time since its inception.

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 Office notes that the unit cost presented for this service only accounts for the initial processing of the request and does not include additional resources expended. 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 1 percent of total design filings. In recent years, requests have increased to over 2 percent of total filings. As discussed in the NPRM, the increase in demand for this service 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 the demand for this service, while still keeping the service available as an option for those who may benefit from this program. The USPTO believes that this new fee amount, as well as the associated small and micro entity discounts, will provide the Office the ability to continue offering this service to applicants.

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

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Table 5—Utility and Reissue Patent Issue and Maintenance Fees—Fee Changes and Unit Cost

<b>Fee description</b>	<b>Current fees large (small) [micro] entity</b>	<b>Final rule fees large (small) [micro] entity</b>	<b>Dollar change large (small) [micro] entity</b>	<b>Percentage change large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>	<b>FY 2019 unit cost</b>
Utility issue fee	\$1,000 (\$500) [\$250]	\$1,200 (\$600) [\$300]	+\$200 (+\$100) [+\$50]	+20 (+20) [+20]	\$325	\$319
Reissue issue fee	\$1,000 (\$500) [\$250]	\$1,200 (\$600) [\$300]	+\$200 (+\$100) [+\$50]	+20 (+20) [+20]	325	319
For maintaining an original or any reissue patent, due at 3.5 years	\$1,600 (\$800) [\$400]	\$2,000 (\$1,000) [\$500]	+\$400 (+\$200) [+\$100]	+25 (+25) [+25]	n/a	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	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	n/a

The Office is 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. The total package of fees in this Final Rule 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. 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 6). 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 is slightly rebalancing the back-end fees to recover the initial search and examination costs earlier in the life of the patent.

Table 6—Front-End and Back-End Fee Balance

Fee group	Fee title	Current			Final rule		
		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	4		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	44		7,700	43	
Total		16,620	100	100	17,840	100	100

The issue fee for utility and reissue patents is increasing from \$1,000 to \$1,200, and the first stage maintenance fee is increasing from \$1,600 to \$2,000. As a result, the combined fees paid for issue and first stage maintenance is increasing 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 are only increasing 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/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>) in the document entitled “Setting and Adjusting Patent Fees during Fiscal Year 2020—Description of Elasticity Estimates.”

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

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Table 7—AIA Trial Fees—Fee Changes and Unit Cost

<b>Fee description</b>	<b>Current fees large (small) [micro] entity</b>	<b>Final rule fees large (small) [micro] entity</b>	<b>Dollar change large (small) [micro] entity</b>	<b>Percentage change large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>	<b>FY 2019 unit cost</b>
Inter partes review request fee—Up to 20 claims	\$15,500	\$19,000	+\$3,500	+23	\$15,016	\$17,887
Inter partes review post-institution fee—Up to 15 claims *	15,000	n/a	n/a	n/a	25,490	27,376
Inter partes review post-institution fee—Up to 20 Claims *	n/a	22,500	n/a	n/a	n/a	n/a
Inter partes review request of each claim in excess of 20	300	375	+75	+25	n/a	n/a
Inter partes post-institution request of each claim in excess of 15 *	600	n/a	n/a	n/a	n/a	n/a
Inter partes post-institution request of each claim in excess of 20 *	n/a	750	n/a	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	26,296
Post-grant or covered business method review post-institution fee—Up to 15 claims *	22,000	n/a	n/a	n/a	29,842	40,791

<b>Fee description</b>	<b>Current fees large (small) [micro] entity</b>	<b>Final rule fees large (small) [micro] entity</b>	<b>Dollar change large (small) [micro] entity</b>	<b>Percentage change large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>	<b>FY 2019 unit cost</b>
Post-grant or covered business method review post-institution fee—Up to 20 claims *	n/a	27,500	n/a	n/a	n/a	n/a
Post-grant or covered business method review request of each claim in excess of 20	375	475	+100	+27	n/a	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	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	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 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 have increased 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 post-institutional threshold for paying excess claim fees is increasing from 15 to 20 claims so as to match the PTAB's request threshold, reflecting the fact that, following the Supreme Court decision in *SAS*, the PTAB is required to institute all claims or none. The NPRM proposed fees based on the Office's best estimates at that time, taking into consideration the cost increases already experienced, plus future inflationary cost growth. Since then, the Office has collected and analyzed the additional cost data available through the end of FY 2019. In addition, the Office has taken into account uncertainties resulting from changes in the way in which AIA trials are conducted.

While the unit cost data ( *see* Table 7) shows that post-institution costs have increased more than pre-institution costs, pre-institution costs have also increased. These costs have increased in response to the Supreme Court's *SAS* decision, as discussed above.

In addition, in response to feedback from stakeholders, the Office has modified its approach to concurrent petitions challenging the same patent or patents in the same family filed by the same petitioner. Specifically, the Board now considers whether to exercise its discretion to limit the number of these parallel petitions that may, if the threshold is met, be instituted. Similarly, the Board has undertaken a closer review of petitions to determine whether they raise issues that were considered by the examiner during *ex parte* prosecution or during other proceedings before the Office. To evaluate these requests the Board must make close comparisons between the challenges to determine whether it should exercise its discretion and institute a trial. Such comparisons require analyzing the prior art cited in the petitions and evaluating the reasons given by the petitioners for filing additional petitions. As this development in AIA trial practice is relatively recent (within the last 12 months), the Office does not yet have an accurate model to predict how many requests it will receive and how much additional effort will be necessary to evaluate them. To account for these uncertainties, it is necessary to set the pre-institution fees for *inter partes* reviews at \$19,000. This 23 percent increase is less than the 25 percent increase proposed in the NPRM but above the FY 2019 unit cost. The pre-institution fee is set at more than the FY 2019 unit cost to take into account the uncertainties outlined above that arose □ in that year and are expected to continue in FY 2020 and beyond.

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The post-institution fee is set to \$22,500 for *inter partes* review, which is above the increase proposed in the NPRM but considerably lower than the FY 2019 actual unit cost. As a result of the *SAS* and *Arthrex Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) decisions, there has been an increase in the number of

remands to the PTAB, which has increased the post-institution amount of work and costs. At this time, it remains unclear whether the post-institution costs will remain at the current level or decrease after the *SAS* and *Arthrex* remands have been fully addressed. Accordingly, the post-institution fee is set above the proposed NPRM fee, which is above the pre- *SAS* FY 2017 unit costs but below the post- *SAS* FY 2019 unit costs. The Office continues to evaluate the data as it becomes available to better understand the long-term impact of *SAS* on post-institution costs.

Post-grant review and covered business method review fees will be maintained at the rates proposed in the NPRM, at \$20,000 for pre-institution and \$27,500 for post-institution. These fee rates are above the respective *inter partes* review fees, due to the additional work involved with post-grant and covered business method reviews, but below the FY 2019 actual unit costs for post-grant reviews and covered business method reviews due to uncertainties about future costs. Specifically, post-grant reviews and covered business method reviews may raise additional issues beyond those raised in *inter partes* reviews, such as patent eligibility, written description, enablement, indefiniteness, and public use. Further, given the additional issues that may be raised, post-grant reviews and covered business method reviews provide 33 percent higher word limits for petitions, patent owner responses, and preliminary responses. While the actual unit costs for post-grant and covered business method reviews have typically been higher than the unit costs for *inter partes* reviews for these reasons, it is harder to determine the precise cost of post-grant and covered business method reviews. Due to a relatively small number of trials (approximately 60 post-grant reviews or covered business method reviews annually), the data on actual unit costs can vary from year to year. Therefore, it is unclear whether the post- *SAS* costs will remain at the current levels. The Office will continue to evaluate data as it becomes available to better understand the long-term impact of *SAS* on post-grant review and covered business method review costs.

This 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**

Table 8—Non-DOCX Filing Surcharge Fee—Fee Changes and Unit Cost

<b>Fee description</b>	<b>Current fees large (small) [micro] entity</b>	<b>Final rule fees large (small) [micro] entity</b>	<b>Dollar change large (small) [micro] entity</b>	<b>Percentage change large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>	<b>FY 2019 unit cost</b>
Surcharge—non-DOCX filing	New	\$400 (\$200) [\$100]	+\$400 (+\$200) [+\$100]	n/a (n/a) [n/a]	n/a	n/a

The Office is implementing a new fee for utility non-provisional applications filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) and submitted in a format other than DOCX (structured text). This surcharge applies to filings that are submitted in an electronic document, such as a PDF, that is not saved in the DOCX format. It also applies to filings that are submitted non-electronically, in addition to the existing paper filing surcharge. The surcharge is being introduced for specifications, claims, and abstracts. The submission in DOCX format will facilitate improvements in the efficiency of patent operations. After careful consideration of public comments, the Office has decided to delay the implementation of the non-DOCX filing surcharge, and it will become effective on January 1, 2022. Over the next several months, the Office will continue with its outreach efforts, addressing customer concerns and providing ample time for applicants to transition to this new process.

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 as text-based documents rather than having to create PDF documents. This streamlines the application and publication processes. 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, including independent inventors, law firms, and corporations. Structured text features are now available to all EFS-Web-registered and Private PAIR users and give applicants the ability to file structured text via EFS-Web and access structured text submissions, structured text Office actions, and Extensible Markup Language (XML) downloads via Private PAIR. Additional information can be found in the associated DOCX quick start guide available on the USPTO website, <https://www.uspto.gov/patents-application-process/checking-application-status/quick-start-guides> (<https://www.uspto.gov/patents-application-process/checking-application-status/quick-start-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, the required fee surcharge applies to application filings that do not include the specification, claims, and abstract in DOCX format. This will accelerate the □ adoption of DOCX to realize a variety of benefits. Both the USPTO and applicants will see increased efficiencies, over the lifetime of an application, 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 the development of software to provide automated initial reviews of applicant submissions to help reduce the 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. It 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 in Private PAIR, allowing easy retrieval of original DOCX files.

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 (OCR) of image-based filings costs the Office approximately \$3.15 per new submission. In addition to the initial submission, the use of image-based PDFs incurs many costs over the lifetime of an application. There are large costs associated with the USPTO's systems and personnel—from pre-examination, examination, and publication—due to the need to apply OCR to convert image-based PDFs into structured text that can be leveraged by downstream systems. The surcharge is applied not only to account for these inefficiencies, but also to address rising expenses. Encouraging text-based filings will decrease the Office's costs. 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.

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 and 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 the 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.

## (B) PRO HAC VICE FEE

Table 9—Pro Hac Vice Fee—Fee Changes and Unit Cost

Fee description	Current fees large (small) [micro] entity	Final rule fees large (small) [micro] entity	Dollar change large (small) [micro] entity	Percentage change large (small) [micro] entity	FY 2018 unit cost	FY 2019 unit cost

Fee description	Current fees large (small) [micro] entity	Final rule fees large (small) [micro] entity	Dollar change large (small) [micro] entity	Percentage change large (small) [micro] entity	FY 2018 unit cost	FY 2019 unit cost
Fee for non-registered practitioners to appear before the Patent Trial and Appeal Board	New	\$250	+\$250	n/a	n/a	n/a

In this Final Rule, the Office is implementing a fee to appear *pro hac vice* in an AIA trial proceeding. The 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 will 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 the PTAB for further proceedings). By instituting the *pro hac vice* fee, the Office will be able to shift the cost of the service of processing these requests from the overall AIA trial fees to the requesting, non-USPTO registered counsel.

### (C) ANNUAL ACTIVE PATENT PRACTITIONER FEE

In the NPRM, the USPTO proposed a new fee called the annual active patent practitioner fee, and an associated fee structure, 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>), so that patent practitioners, who directly benefit from registration, would bear the costs associated with maintaining the integrity of their profession, including the costs of OED's register maintenance and disciplinary functions. The fee collections were proposed to shift the costs of the services OED provides patent practitioners in administering the disciplinary system and register maintenance from patent applicants and owners to the patent practitioners. The annual active patent practitioner fee was proposed to be \$340, with a \$100 annual fee discount for those who certified completion of a certain number of CLE. In addition, the Office proposed that registered practitioners who are endorsed on the register as voluntarily  inactive would be liable for a fee of \$70 per year to cover OED's administrative costs in maintaining the register and updating their information. Finally, a new emeritus status was proposed for active patent practitioners who have been registered for ten or more years to elect emeritus status, subject to certain conditions.

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However, during the public comment period, the USPTO received a number of comments expressing concerns over the proposed new fee. Having further considered the public feedback on this proposal, the USPTO has determined that it will not at this time implement the annual active patent practitioner fee, the proposed new voluntarily inactive fee, or the proposed emeritus status. The Office continues to recognize the value of CLE in maintaining and enhancing patent practitioners' legal skills. In addition, the Office recognizes that it is beneficial to provide information regarding a registered practitioner's CLE status to the public. Thus, while completion of CLE remains voluntary, the USPTO intends to recognize patent practitioners who certify completion of six hours of CLE in the preceding 24 months, including five hours of patent law and practice and one hour of ethics credit, in the online practitioner directory. In the near future, the USPTO intends to issue proposed CLE guidelines, with a request for public comment on them. It is

anticipated that the proposed guidelines will address the types of CLE courses that may qualify for recognition and the form of recognition for patent practitioners who certify that they have completed the CLE.

## **REGISTRATION STATEMENT**

Although the USPTO is not implementing the annual active patent practitioner fee in this Final Rule, the Office intends to communicate with practitioners on a periodic basis for register maintenance. Thus, biennially, 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 required to file a registration statement with the OED director. Notice will be provided to patent practitioners at least 120 days in advance of the due date for the filing of the registration statement, electronically, through the USPTO's online system. The registration statement takes the place of the practitioner survey, which is administered on paper. The USPTO anticipates that patent practitioners will first be required to submit a registration statement in the spring of 2022. Registered practitioners will not be required to pay any fee at the time the registration statement is filed.

Failure to file the registration statement by the due date may result in the registered practitioner being subject to a delinquency fee and possible administrative suspension, as was the case for a patent practitioner who failed to respond to the practitioner survey. Specifically, if a registered practitioner, or a 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 file the registration statement by the due date, the OED director will publish and send a notice to the registered practitioner advising them of the failure to file the registration statement, the consequence of being administratively suspended, and the requirements for reinstatement. The notice will request filing of the registration statement within 60 days after the date of such notice.

If a patent 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 or recognition 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 10 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 practitioner. The aforementioned is the same procedure currently used when a registered practitioner fails to timely respond to the practitioner survey.

## **REINSTATEMENT**

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

## **ADMINISTRATIVELY SUSPENDED**

Under this Final Rule (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 patent practitioner is not a party to a disciplinary proceeding. Thus, the Final Rule eliminates the requirement that a registered practitioner who is administratively suspended for more than two years (but less than five years) take and pass the registration examination in order to be reinstated. 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), 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)(i) and (ii).

However, under this Final Rule, any administratively suspended registered practitioner or person granted limited recognition who seeks reinstatement more than five years after the effective date of administrative suspension, also 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. The objective evidence may include taking and passing the registration examination.

## **RESIGNED**

Any registered practitioner who has been resigned for less than five years may be reinstated on the register provided the practitioner is not the subject of a disciplinary investigation or a party to a disciplinary proceeding. Thus, the Final Rule eliminates the requirement that a registered practitioner who was resigned for more than two years (but less than five years) take and pass the registration examination in order to be reinstated. 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), 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)(i) and (ii).

However, under this Final Rule any registered practitioner who seeks reinstatement after having been in resigned status for five years or more also 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. The objective evidence may include taking and passing the registration examination. □

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## **C. Discontinued Fees**

This section describes fees that are being discontinued. The purpose of this 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.

Table 10—Discontinued Fees

<b>Fee description</b>	<b>Current fees large (small) [micro] entity</b>	<b>Final rule fees large (small) [micro] entity</b>	<b>Dollar change large (small) [micro] entity</b>	<b>Percentage change large (small) [micro] entity</b>	<b>FY 2018 unit cost</b>	<b>FY 2019 unit cost</b>
Copy of Patent Technology Monitoring Team (PTMT) patent bibliographic extract and other DVD (optical disc) (currently at § 1.19(j))	\$50	Discontinued	-\$50	n/a	n/a	n/a
Copy of U.S. patent custom data extracts (currently at § 1.19(k))	100	Discontinued	-\$100	n/a	n/a	n/a
Copy of selected technology reports, miscellaneous technology areas (currently at § 1.19(l))	30	Discontinued	-30	n/a	n/a	n/a
For USPTO-assisted recovery of ID or reset of password for the Office of Enrollment and Discipline Information System (currently at § 1.21(a)(6)(i))	70	Discontinued	-70	n/a	15	18

In January 2018, to comply with Executive Order 13681 (</executive-order/13681>) (Improving the Security of Consumer Financial Transactions), select computer service fees were discontinued and the services made free. The three changes to the fees at 37 CFR 1.19 (<https://www.ecfr.gov/current/title-37/section-1.19>) follow that trend. The service fees in § 1.19 will be eliminated, and the Office will instead provide these services in a slightly modified form ( *i.e.*, electronic) for free.

The first fee being discontinued 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 the Patent Technology Monitoring Team (PTMT) patent bibliographic extract and other DVDs. PTMT patent bibliographic data is currently available online for free, curtailing the need for the USPTO to send out extracts on disc.

The second fee being discontinued 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, the USPTO will create the common customizations and release them online, free to the public, at the same time the data is released. Further customizations will be discontinued. Additionally, PatentsView (<http://www.patentsview.org> (<http://www.patentsview.org>)), while not an official USPTO data source, meets many of the needs of those requesting custom data extracts at no charge to the consumer.

The third fee being discontinued 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 the USPTO to send out paper copies of the reports.

Upon consideration of public comments, a fourth fee being discontinued is the fee for the USPTO-assisted recovery of ID or reset of password for the Office of Enrollment and Discipline Information System. This fee is being removed, as it is unnecessary.

## VI. Discussion of Comments

### Comments and Responses

The USPTO published a proposed rule on July 31, 2019, soliciting comments on the proposed fee schedule. In response, the USPTO received comments from four intellectual property organizations and 40 individuals, attorneys, law firms, corporations, and other associations. These comments are posted on the USPTO's website at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

The summaries of comments and the Office's responses to the written comments follow.

### GENERAL FEE SETTING APPROACH

*Comment 1:* One commenter stated support for the proposed patent fee schedule. The commenter noted that the USPTO must continue to focus on reducing pendency and backlogged applications. Increased fees result in increased revenues, which allow for additional examiners to be hired. The commenter expressed that an increase in funding for examining allows applications to be processed faster and reduces the current backlog. Further, the focus on increasing up-front fees allows the USPTO to collect fees for the most cost-intensive operations.

*Response:* The USPTO appreciates the feedback from the commenter and is committed to achieving the goals developed in consultation with the stakeholder community as set forth in the Strategic Plan. The USPTO has carefully considered the balance of front-end and back-end fees. In this Final Rule, the balance between front-end and back-end fees is not significantly impacted. 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 is slightly rebalancing the fees to recover the initial search and examination costs earlier in the life of the patent.

*Comment 2:* Several commenters expressed support for the Office's work to ensure adequate funding. They are supportive of the goals of this fee setting, especially recovering aggregate estimated costs of patent operations and optimizing patent timeliness and quality.

*Response:* The USPTO appreciates the feedback from the commenter and is committed to pursuing the goals in the Strategic Plan in a fiscally responsible manner.

*Comment 3:* One commenter expressed support for the operating reserve, its goals, and the detailed supporting information contained in the NPRM.

*Response:* The USPTO appreciates the feedback from the commenter. The operating reserve is an important tool that helps mitigate financial and operational risks and facilitate execution of multi-year plans in order to achieve the goals set forth in the Strategic Plan. The operating reserve also allowed the USPTO to remain open and operational during the 35-day lapse in appropriations during FY 2019.

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*Comment 4:* One commenter stated that the USPTO should continue to prioritize patent quality, and if fee increases are needed, the increased resources should be devoted to ensuring examiners receive the time and resources they need to assess each application and all the relevant prior art. The commenter noted it is important that patent policy be crafted to limit the possibility that low-quality patents get in the way of technical and economic progress.

*Response:* The Office's strategic goal to optimize patent quality and timeliness recognizes the importance of innovation as the foundation of American economic growth and competitiveness. Through this goal, the Office diligently works to balance timely examination with improvements in patent quality, particularly the reliability of issued patents. Based on assumptions and estimates found in the FY 2021 Budget, the fee schedule in this Final Rule will recover the aggregate estimated costs of patent operations, including achieving the Office's strategic goals.

*Comment 5:* One commenter suggested that the Office consider phasing in fee increases to provide patentees adequate time to prepare for and adapt to the increased costs.

*Response:* The Office realizes that higher fees will affect budgets. In the same way, the USPTO is experiencing an increase in aggregate costs, and the fee increases are necessary in order to deliver on the priorities listed in the Strategic Plan. The Office notes the time frame associated with the fee setting process inherently provides for the phasing in of fee changes. For example, this fee setting process began with a proposal presented to the PPAC in August 2018, and the fee schedule in this Final Rule will not take effect until fall 2020, with the non-DOCX filing surcharge effective January 2022. As part of the fee setting process, the public had two opportunities to review and comment on the fee proposals. The public and PPAC feedback allowed the USPTO to refine the fee proposal in both the NPRM and this Final Rule.



*Comment 6:* One commenter noted stakeholder concerns about the increasing uncertainty of patent rights and encouraged the USPTO to carefully consider whether excessive fee increases might have the unintended consequence of discouraging filings.

*Response:* The Office appreciates the commenter's concern and carefully considered the fee schedule in this Final Rule. The Office undertook an elasticity analysis ( *i.e.*, an assessment of the degree to which changes in fee rates may affect demand for services) as part of this rulemaking, and a description of elasticity estimates can be found at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

*Comment 7:* One commenter expressed support for the reduction in fees based on organization size.

*Response:* The USPTO appreciates the feedback from the commenter and is committed to providing, as allowed by statute, fee reductions for small and micro entity innovators to facilitate access to the patent system.

*Comment 8:* Multiple commenters noted the need for the USPTO to consider smaller entities when raising fees. Some noted that fee increases are prohibitive for *pro se* inventors, small entities, and micro entities and feel they will be disproportionately affected by these fee increases.

*Response:* The USPTO appreciates the concern about increasing fees. For small businesses and individual filers, the fees for small and micro entity rates are tiered, with small entities at a 50 percent discount and micro entities receiving a 75 percent discount on the fees for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents. Small or micro entity discounts are available for those who are eligible in 86 of the 125 large entity fee rates being set or adjusted in this Final Rule.

*Comment 9:* One commenter requested that the USPTO carefully consider whether further reductions in the fees are possible for small entities, and especially micro entities, while maintaining the legitimate goals articulated in the fee proposal. Similarly, another commenter suggested that, instead of increasing the fees, the USPTO could provide more financial assistance to individual inventors who can prove their individual inventor status.

*Response:* The Office does not have the legal authority to provide further reductions in the fees for small and micro entities or to provide direct financial assistance. However, the USPTO notes that under the fee structure included in this Final Rule, an indirect financial assistance to small and micro entities is provided in the form of subsidizing the cost of patent application prosecution. For example, the costs to the Office, from filing through issue, exceed the fees paid by a micro entity who maintains a patent through the full term. Further, small entity fees only cover the costs to the Office if a patent is maintained for the full term. Therefore, maintenance fees paid by large entity patentees and small entity patentees who maintain their patent for a full term are used in part to subsidize the filing, search, and examination costs for all applicants, including small and micro entities.

*Comment 10:* One commenter questioned what the Office could do to encourage greater participation by small and micro entities in obtaining and maintaining patents.

*Response:* Helping small businesses and independent inventors with limited resources is important to the USPTO. It has several free or reduced fee programs to assist independent inventors and small businesses in securing patent protection for their inventions, such as the Patent Pro Bono Program, Pro Se Assistance

Program, and Law School Clinic Certification Program. More information on these programs can be found on the USPTO website:

- <https://www.uspto.gov/ProBonoPatents> (<https://www.uspto.gov/ProBonoPatents>)
- <https://www.uspto.gov/ProSePatents> (<https://www.uspto.gov/ProSePatents>)
- <https://www.uspto.gov/LawSchoolClinic> (<https://www.uspto.gov/LawSchoolClinic>)

Another advantage that the USPTO offers for small and micro entities is reduced fees. An applicant who meets the micro entity requirements is eligible for a 75 percent reduction on most fees, and small entity status offers a 50 percent fee reduction.

*Comment 11:* One commenter stated that it is important to keep barriers to entry (fees) low enough that startups can obtain patents ( *e.g.*, application and examination fees), maintain them ( *e.g.*, maintenance fees), and challenge others' low-quality patents that should not have been issued in the first place ( *e.g.*, AIA trial fees). The commenter stated it is essential for startups to be able to reap the benefits at each stage.

*Response:* The USPTO agrees that it is important to keep front-end fees low enough so as not to prevent entry into the patent system. The USPTO also designs the fee structure so that fees to obtain and maintain a granted patent increase only as the age of the patent increases to minimize the financial impact early in the life of a patent application or patent. In this Final Rule, the balance between front-end and back-end fees is not significantly impacted. The USPTO continues to set front-end fees below the cost to the Office to provide those services, in order to encourage innovation. While this Final Rule increases the issue and first stage maintenance fees, the fee schedule continues to maintain those fees below second stage maintenance fees and keeps the balance of front-end and back-end fees substantially the same. The USPTO also maintains small and micro entity discounts for the fees for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents.

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*Comment 12:* One commenter suggested that the Office should reduce the cost of filing certain patent applications by allowing an applicant to defer payment of some fees without penalty.

*Response:* In the future, the USPTO may consider changes to the timing of fee payments for search and examination. Currently, however, except for provisional applications, each application for a patent requires the appropriate search and examination fees in addition to the patent application filing fees. Deferring payment of some fees would require a large enough operating reserve to sustain operations during the period in which fee collections would be lower due to the delayed payment of fees. The adjusted fee schedule set forth in this rulemaking will help replenish and grow the patent operating reserve to position the USPTO for future changes, such as those suggested by the commenter.

*Comment 13:* One commenter noted the USPTO's tendency to follow or align with patent practices in other countries, in fee structure and other aspects of the patent system. The commenter hopes the leaders and government agencies of our country are aware of the long-term consequences of the actions they take.

*Response:* The Office and the administration carefully analyze all policy decisions before implementation. This includes considering best practices of other countries' IP systems. When appropriate, the Office may implement practices similar to other national IP offices.

Changes to policies are considered after public comments have been reviewed and a cost-benefit analysis has been performed (Regulatory Impact Analysis). Enactment of policy change occurs if generally supported by public comment and the corresponding cost-benefit analysis displays a positive, long-term impact.

#### **ACROSS-THE-BOARD ADJUSTMENT TO PATENT FEES**

*Comment 14:* One commenter stated the fee increase should only reflect a cost-of-living increase to keep pace with inflation.

*Response:* The USPTO appreciates the concern about rising fees and continuously evaluates its processes and costs to ensure the Office is achieving the optimal value from the resources used to carry out operations. Despite that, the USPTO must adjust fees to recover the aggregate estimated cost to the Office for processing, activities, services, and materials relating to patents, including cost-of-living increases and administrative costs of the Office with respect to such patent fees over a multi-year period.

*Comment 15:* One commenter expressed that the fee for the USPTO-assisted change of address should be eliminated.

*Response:* The USPTO would like to remind customers that they are able to perform this process online as a self-service option free of charge. The change of address fee is only charged if it is requested that the USPTO perform this task instead of the customer utilizing the self-service options. The USPTO is not targeting this fee for a specific increase. Instead, this fee is increasing as part of the group of fees subject to the 5 percent across-the-board adjustment to patent fees. This fee was set in a previous rulemaking, and that structure is not changed in this Final Rule.

*Comment 16:* One commenter expressed that the fee for the USPTO-assisted recovery of ID or reset of password should be eliminated.

*Response:* The fee for USPTO-assisted recovery of ID or reset of password for registered practitioners has been removed as unnecessary.

*Comment 17:* One commenter noted that the NPRM does not state a rationale for the second and subsequent RCE fee to be different than the RCE fee for a first request.

*Response:* The individual RCE fees were set at different amounts in a previous rulemaking, the January 2013 Final Rule (which set forth the rationale for the difference in those fees), and that structure is not changed in this Final Rule. The USPTO is not targeting these fees for a specific increase. Instead, the fees for RCEs—both for the first request and for second and subsequent requests—are being adjusted by the across-the-board adjustment to patent fees.

*Comment 18:* One commenter wrote that the increase in the second and subsequent RCE fee would hurt small entity applicants and small entity law firms. The Initial Regulatory Flexibility Analysis offered no explanation justifying that differential effect on small entities.

*Response:* The USPTO is not targeting the RCE fees for a specific increase. Instead, the fees for RCEs—both for the first request and for the second and subsequent requests—are being adjusted by the across-the-board adjustment to patent fees. The USPTO would like to note that small and micro entity applicants will continue to receive the small and micro entity discounts, which set the fee rates significantly below cost to examine second and subsequent RCE filings. Additionally, the Regulatory Flexibility Analysis analyzed applicants'

sensitivity to changes in fee rates by entity size, including RCE fees for small entities. This impact is also included in the RIA completed for this rulemaking, which is available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

*Comment 19:* One commenter stated that the methodology for calculating the unit cost for second and subsequent RCE filings is not in the Activity Based Information and Patent Fee Unit Expense Methodology document.

*Response:* The commenter can find this information in the “Setting and Adjusting Patent Fees during Fiscal Year 2020—Activity Based Information and Patent Fee Unit Expense Methodology” document, on page 22, before Table 2. “Similarly, the same incremental approach is used to determine the expense of the second and subsequent RCE. The two scenarios presented to determine incremental expense for the second RCE are slightly different than for the first RCE, but the same basic method applies. The scenarios are: (1) The expense of a single application that has already performed one RCE, and (2) the expense of a single application that has completed a second RCE. All other calculation methods remain the same.” Additionally, the detail on the exact calculations for FYs 2016, 2017, and 2018 can be found on page 41 of the “USPTO Fee Unit Expense Calculation Detail” document under the heading “Latest patent fee setting information.” Both documents can be found at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

*Comment 20:* One commenter suggested that the proposed fee for submission of an information disclosure statement (IDS) is too high and may discourage prompt disclosure of material references. The commenter suggested that if the fee is increased, the Office could consider a tiered rate structure with a discounted IDS fee for submitting an IDS with fewer than five or 10 references, or below a certain page count for non-patent literature.

*Response:* There is no fee for filing of an IDS if it is filed before the mailing of a first Office action. The USPTO is not targeting these fees for a specific increase. Instead, the fee for submission of an IDS is increasing as part of the group of fees subject to the 5 percent across-the-board adjustment to patent fees that is being set to help the USPTO keep pace with inflationary cost increases. The single IDS fee was set in a previous rulemaking, and that structure is not changed in this Final Rule. The USPTO will consider the commenter's suggestions for changes to the structure and fee amount for IDS fees for future fee adjustments.

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*Comment 21:* One commenter suggested the proposed increase to the fee for extension of time for response within the first month is too high. The commenter stated the increased fee makes it more difficult for practitioners to provide a thorough response, especially for complex issues where input and review may be required from multiple inventors, licensees, and/or owners. The commenter indicated that the need for extensions of time may be outside of the applicant's control when extensions are required to maintain pendency after a response to a final Office action.

*Response:* The Office recognizes that there are instances in which an applicant would need to extend the time period for responding to an Office action. However, an applicant may file a first after final reply within two months of the final rejection to avoid some of the costs associated with maintaining pendency after a reply to a final Office action. The USPTO is not targeting these fees for a specific increase. Instead, all fees for extensions of time for response are being increased as part of the 5 percent across-the-board adjustment to

patent fees that are being set to help USPTO keep the pace with inflationary cost increases. Differences in the rate of increase result from rounding (the rounding rules are discussed in Part V: Individual Fee Rationale, A. Across-the-Board Adjustment to Patent Fees).

*Comment 22:* One commenter suggested that increases in fees for extensions of time for response will fall disproportionately on small firms and solo practitioners. The commenter noted that fees for extensions of time for response beyond the third month are greater than the filing fees for a new application. The commenter believes that, with essentially no cost to the USPTO, this appears to be a penalty, not a reasonable fee increase.

*Response:* These fees were set in a previous rulemaking, and the structure is not changed in this Final Rule. The USPTO is not targeting these fees for a specific increase. Instead, the increase in fees for extensions of time for response is part of the across-the-board adjustment to patent fees that is being set to help the USPTO keep pace with inflationary cost increases. Extension of time fees are intended to encourage early submission of an applicant's response to facilitate compact prosecution.

*Comment 23:* One commenter stated that the increases in the notice of appeal fee and fee for forwarding an appeal in an application or *ex parte* reexamination proceeding to the Board should take into account the rate of reversal, in that the applicant should not bear the entirety of the cost of what could be interpreted as an error made by the Office.

*Response:* The Office appreciates the feedback. Regardless of the outcome, the cost to render a decision on the appeal remains the same. The Office has limited the increase in both the notice of appeal fee and the fee for forwarding an appeal in an application or *ex parte* reexamination proceeding to the Board to the 5 percent across-the-board adjustment to patent fees. As a matter of policy, the Office has set the combined notice of appeal and fee for forwarding an appeal in an application or *ex parte* reexamination proceeding to the Board to less than half of the unit cost for deciding an appeal.

## **TARGETED FEE ADJUSTMENTS**

### **MAINTENANCE FEE SURCHARGE**

*Comment 24:* One commenter asked what information the USPTO had about the use of the maintenance fee grace period and the consequences. The commenter was concerned that higher fees could lead to greater conflict possibilities between clients and attorneys. A commenter suggested that the Office initiate procedures to notify patentees, by United States Postal Service (USPS) mail and email to all registered email addresses, of both the due date for the maintenance fees to be paid and entrance into the grace period.

*Response:* The USPTO continuously monitors maintenance fee payments, including payments made during the grace period. While over 95 percent of maintenance fee payments are made in the six-month payment window prior to the grace period, the Office does recognize that a patentee may need the additional six-month grace period to make a decision on renewing their patent rights. Therefore, the Office lowered the proposed maintenance surcharge fee to \$500 for large entities in the NPRM, compared to the initial proposal of \$1,000.

It is the responsibility of the patentee to ensure that maintenance fees are paid in a timely manner to prevent the expiration of a patent. Patentees are expected to maintain their own record and docketing systems. The Office does provide some notices as reminders that maintenance fees are due, but the notices, errors in the notices or in their delivery, or the lack or tardiness of notices in no way relieve a patentee from the

responsibility to make timely payment of each maintenance fee to prevent the patent from expiring by operation of law. The notices provided by the Office are courtesies in nature and intended to aid patentees. The Office's provision of notices in no way shifts the burden of monitoring the time for paying maintenance fees on patents from the patentee to the Office.

*Comment 25:* One commenter stated that those who delay payment of a maintenance fee include small entities, micro entities, and independent inventors, for whom the payment of a maintenance fee is often a significant investment. Forcing such entities to pay a higher surcharge fee does not appear to be justified in this circumstance.

*Response:* The Office recognizes that the maintenance fee surcharge during the grace period affects small and micro entities as well as independent inventors. The Office lowered the proposed maintenance fee surcharge to \$500 for large entities in the NPRM, compared to the USPTO's initial proposal to PPAC of \$1,000. Additionally, small and micro entity discounts apply to the maintenance fee surcharge as well as to the maintenance fees themselves.

*Comment 26:* One commenter noted that no cost to the public of the six-month grace period was identified in the NPRM. Additionally, the commenter noted that a competitor would still need to wait until the expiration of the grace period to know that the maintenance fee has not been paid.

*Response:* This rulemaking does not modify the maintenance fee grace period, nor does it change the timeline for submitting maintenance fee payments. The rulemaking simply adjusts the surcharge fee for submitting a maintenance fee payment during the six-month grace period, which provides patentees the option for an additional six months to submit maintenance fee payments. It is not anticipated that this fee adjustment will have a significant impact on patentees, since more than 95 percent of patent holders submit maintenance fee payments prior to the grace period. The impact of the fee adjustment to the maintenance fee grace period is included in the cost-benefit analysis provided in the RIA, available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>). The Office cannot provide individuals legal advice on the status of a patent. The Office's provision of notices of maintenance fee payments in no way shifts the burden of □ monitoring the time for paying maintenance fees on patents from the patentee or other relevant stakeholders to the Office.

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*Comment 27:* One commenter wanted to know what other IP offices have late payment surcharges for maintenance fees, along with more information on those offices' maintenance/annuity schedules.

*Response:* The USPTO allows for payment of maintenance fees up to six months prior to the payment due date and up to six months after the due date (grace period) if accompanied with a surcharge. This practice is similar to other national or regional IP offices like the European Patent Office and the Japan Patent Office. Both of these offices impose a substantial surcharge for late payment of such fees, which, in the case of Japan, is a 100 percent surcharge for late payment.

Each national or regional IP office has its own maintenance/annuity schedule, which can be found on its website. Below are links to two of the national/regional IP offices' fee schedules, which include maintenance/annuity fees:

European Patent Office:

- *Fee Schedule:* <https://my.epoline.org/portal/classic/epoline.Scheduleoffees>  
(<https://my.epoline.org/portal/classic/epoline.Scheduleoffees>)
- *About Renewal Fees:* [https://www.epo.org/law-practice/legal-texts/html/guidelines/e/a\\_x\\_5\\_2\\_4.htm](https://www.epo.org/law-practice/legal-texts/html/guidelines/e/a_x_5_2_4.htm) ([https://www.epo.org/law-practice/legal-texts/html/guidelines/e/a\\_x\\_5\\_2\\_4.htm](https://www.epo.org/law-practice/legal-texts/html/guidelines/e/a_x_5_2_4.htm))

Japan Patent Office:

- *Fee Schedule:* <https://www.jpo.go.jp/e/system/process/tesuryo/hyou.html>  
(<https://www.jpo.go.jp/e/system/process/tesuryo/hyou.html>)
- *About Renewal Fees:* <https://www.jpo.go.jp/e/faq/yokuaru/fees.html#anchor4-3>  
(<https://www.jpo.go.jp/e/faq/yokuaru/fees.html#anchor4-3>)

*Comment 28:* One commenter stated that charging surcharge fees for late payments on patent maintenance filings and encouraging earlier payment defies Congress. In the commenter's opinion, Congress determined that the public should have clear notice of the expiration of a patent on the 4th, 8th, and 12th anniversaries of it being issued. The commenter believed the USPTO's proposal suggests the public should know on the 3 1/2, 7 1/2, and 11 1/2 anniversaries. The commenter suggested there is no statutory delegation noted by the USPTO of the authority to hold such an opinion, let alone act on it.

*Response:* The USPTO has specific statutory authority to charge fees under title 35 of the U.S.C. and the Trademark Act of 1946. The USPTO also has specific authority to set and adjust those fees as in the current rulemaking under section 10 of the AIA. This Final Rule does not modify the maintenance fee grace period, which is set in 35 U.S.C. 41(b)(2) (<https://www.govinfo.gov/link/uscode/35/41>), nor does it change the timeline for submitting maintenance fee payments. The rulemaking simply adjusts the surcharge fee for submitting a maintenance fee payment during the six-month grace period. The Office cannot provide legal advice to individuals on the status of a patent, but a higher surcharge may encourage more patent holders to pay maintenance fees before the grace period begins.

#### **REQUEST FOR EXPEDITED EXAMINATION OF A DESIGN APPLICATION FEE**

*Comment 29:* Several commenters stated that the increase has not been adequately justified as based on the cost of recovery or value to the recipient, noting that while the fee had not increased since November 2000, an increase of 1.6 percent annually would only put the fee at \$1,256 in 2021. They further stated that the NPRM only opaquely describes the Office's need without any calculation or demonstration of burden hours and threatens to close the program without the full increase, improperly discouraging applicant behavior. Commenters asked for further justification from the Office for the amount of the proposed increase. One commenter also suggested the Office may consider removing the requirement of a pre-examination search, which would help applicants by alleviating some of the financial burden associated with filing a request for expedited examination.

*Response:* The Office received numerous comments that the fee increase to \$2,000 was too great and would deter applicants from using the service. These comments were considered, and in response, the Office has chosen not to implement the proposed fee of \$2,000. Instead, the non-discounted fee for an application will be set at \$1,600. Discounts for small and micro entities will continue to be available.

Applicants who wish to have the examination of their design applications expedited must file a request for expedited examination and comply with the other requirements set forth in 37 CFR 1.155 (<https://www.ecfr.gov/current/title-37/section-1.155>). The Office notes that the unit cost presented for this service only accounts for the initial processing of the request and does not include additional resources expended. From the time a request for expedited examination is filed in a design application, the application is expedited at every touch point during its prosecution. This includes initial processing, deciding the request to expedite, search and examination, publication, and any appeal that may be taken to the Board. The pendency for these applications, from granting of the request to expedite until first Office action, is currently just over one month. Expediting each step of the process for these applications causes the Office to expend resources that increase its costs with respect to these applications. Further, the Office needs to account not only for the increase in costs over the past twenty years, but also the anticipated costs of providing this service into the future, even with maintaining the requirement for a pre-examination search. Accordingly, the Office determined that the fee for this service needs to be increased if the service is to be continued. The USPTO believes that this new fee amount, as well as the associated small and micro entity discounts, will provide the Office the ability to continue offering this service to applicants. Further, the Office notes this is an optional fee paid only by those who wish to receive the benefit of a faster decision on their application.

*Comment 30:* A few commenters noted that design applications are limited to a single claim, meaning the proposed increase would cause applicants to pay roughly twice as much to expedite the examination of four design patent claims as they would to expedite the examination of four utility patent claims.

*Response:* The Office acknowledges that design applications are limited to a single claim. The process of examining a design application differs from the process of examining a utility application. Based on the lifetime costs of expediting a design application, the Office has determined that the fee for this service needs to be increased if the service is to be continued. However, the Office has carefully considered all of the comments and, in response, has chosen not to implement the proposed fee of \$2,000. Instead, the non-discounted fee for an application will be set at \$1,600. The USPTO believes that this new fee amount, as well as the associated small and micro entity discounts, will provide the Office the ability to continue offering this service to applicants.

*Comment 31:* Multiple commenters stated that the proposed increase in the request for expedited examination of a design application fee would disproportionately harm individual inventors and small entities.

*Response:* The Office has carefully considered all of the comments and, in response, has chosen not to implement the proposed fee of \$2,000. Instead, the non-discounted fee for an application will be set at \$1,600. The Office will continue to offer the 50 percent small entity discount and the 75 percent  micro entity discount, which should not disproportionately harm individual inventors and small entities. The fees set in this Final Rule make the fee for small entities \$800 and the fee for a micro entity \$400. Further, the Office notes this is an optional fee paid only by those who wish to receive the benefit of a faster decision on their application.

*Comment 32:* A few commenters noted that the process to obtain design protection in the U.S. is significantly longer than in many countries. Not all applicants and circumstances can wait for the normal lengthy U.S. examination process to be completed. The Office should not impose further barriers to obtaining timely design protection for those applicants who may need it.



*Response:* The process to obtain a design patent in the U.S. takes longer than in some other countries because, unlike some other patent systems, the USPTO performs an examination for design patent applications. The Office agrees that expedited examination can be a benefit to applicants in numerous situations. As a result, the Office will continue to offer expedited examination for design applications. Additionally, the Office has chosen not to raise the fee for expedited examination of design applications to \$2,000. Instead, the large entity fee for an application is being raised to only \$1,600. The Office will continue to offer the 50 percent small entity discount and the 75 percent micro entity discount.

*Comment 33:* One commenter noted that some industrial designs can be protected through copyright law but stated that designs that do not qualify for copyright protection should have an affordable expedited procedure to obtain IP rights. The commenter also noted that copyright law might not always be effective for protection of designs.

*Response:* An applicant should determine what forms of IP protection are appropriate for each design. For those inventions where an applicant has determined that design patent protection is warranted, the applicant may expedite the examination of an application, when needed, as the Office will continue to offer the service. Based on comments received, the Office has chosen not to raise the fee for expedited examination of design applications to \$2,000. Instead, the large entity fee for an application is being raised to only \$1,600. The Office will continue to offer a discount for small and micro entities.

#### **UTILITY AND REISSUE ISSUE AND MAINTENANCE FEES**

*Comment 34:* One commenter noted that a stated rationale for the proposed substantial increases to issue and first stage maintenance fees is that “technology lifecycles [have grown] shorter,” and, therefore, “It is important that the USPTO not rely too heavily on fees paid late in the life of a patent.” The commenter argued that in many industries, including telecommunications and pharmaceuticals, this is not necessarily true. Therefore, the commenter did not believe that shifting the burden of fee increases to the issue and first maintenance fees is warranted.

*Response:* In accordance with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the USPTO cannot differentiate IP policy by technology. Therefore, the Office must structure its fee schedule to align with the technology lifecycles of all industries and cannot establish different fee schedules for different technologies.

While many technologies have not experienced a change in their lifecycle, for others there have been significant changes. Additionally, the aggregate average patent lifecycle is impacted by changes in the composition of patents granted by the USPTO. To account for these changes, the USPTO is increasing the issue and first stage maintenance fees. There has not been an adjustment to these fees since 2013.

*Comment 35:* One commenter noted that it is important to set fees so that, during the entire lifecycle of a patent, a patentee can pay fees at points in time where sufficient information is available to make an appropriate decision about the commercial merits of obtaining/maintaining a patent.

*Response:* The fees over the life of a patent begin low and then gradually increase. The USPTO carefully considered the balance of front-end and back-end fees. In this Final Rule, the balance between front-end and back-end fees is not significantly impacted. The Office is slightly rebalancing the back-end fees to recover the initial search and examination costs earlier in the life of the patent.

#### **AIA TRIAL FEES**

*Comment 36:* Several commenters stated that the Office should finish collecting and analyzing costs before increasing the AIA trial request fee and the post-institution fee. One commenter indicated that pre-institution costs may decrease due to higher settlement rates and lower institution rates. Other commenters indicated that most of the additional work after *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018) (*SAS*) occurs post-institution. Accordingly, the commenters propose that the increase should be limited to the post-institution fee.

*Response:* The USPTO is committed to maintaining the PTAB's ability to provide fair, timely, and high-quality decisions. The *SAS* decision significantly affected the operations of the PTAB by increasing the amount of time spent per case and, thereby, increasing costs in both pre- and post-institution stages. The NPRM proposed fees based on the Office's best estimates, taking into consideration the cost increases already experienced, plus future inflationary cost growth. Since then, the Office has collected and analyzed the additional cost data available through the end of FY 2019. In addition, the Office has taken into account uncertainties resulting from changes in the way in which AIA trials are conducted. These uncertainties are discussed further below.

While the unit cost data shows that post-institution costs have increased more than pre-institution costs, pre-institution costs have also increased. The Office has modified its pre-institution practice to take into account the Supreme Court's *SAS* decision. For example, prior to *SAS*, the PTAB did not always address all arguments at institution. Post- *SAS*, for purposes of deciding whether to institute trial on a petition, the Office has committed to provide details to the parties to the largest 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.

In addition, in response to requests from stakeholders, the Office has modified its approach to concurrent petitions challenging the same patent or patents in the same family filed by the same petitioner. Specifically, the Board now considers whether to exercise its discretion to limit the number of these parallel petitions that may, if the threshold is met, be instituted. Similarly, the Board has undertaken a closer review of petitions to determine whether they raise issues that were considered by the examiner during *ex parte* prosecution or during other proceedings before the Office. To evaluate these requests, the Board must make close comparisons between the challenges to determine whether the Board should exercise its discretion and institute a trial. Such comparisons require analyzing the prior art cited in the petitions and evaluating the reasons given by the petitioners for filing additional petitions. As this development in AIA trial practice is relatively recent (within the last 12 months), the Office does not yet have an  accurate model to predict how many requests it will receive and how much additional effort will be necessary to evaluate them. To account for these uncertainties, it is necessary to set the pre-institution fees for *inter partes* reviews at \$19,000. This 23 percent increase is less than the 25 percent increase proposed in the NPRM but above the FY 2019 unit cost. The pre-institution fee is set at more than the FY 2019 unit cost to take into account the uncertainties outlined above that arose in that year and are expected to continue in FY 2020 and beyond.

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The post-institution fee has been set at \$22,500 for *inter partes* review, which is above the increase proposed in the NPRM but considerably lower than the FY 2019 actual unit cost. As a result of the *SAS* decision, there has been an increase in the number of remands to the PTAB, which has increased the post-institution amount of work and costs. At this time, it is unclear whether the post-institution costs will remain at the current level or will decrease after the *SAS* remands have been fully addressed. Accordingly, the post-

institution fee is set above the proposed NPRM fee, which is above the pre- SAS FY 2017 unit costs but below the post- SAS FY 2019 unit costs. The Office continues to evaluate the data as it becomes available to better understand the long-term impact of SAS on post-institution costs.

Post-grant review and covered business method review fees will be maintained at the rates proposed in the NPRM, at \$20,000 for pre-institution and \$27,500 for post-institution. These fee rates are above the respective *inter partes* review fees, due to the additional work involved with post-grant and covered business method reviews, but below the FY 2019 actual unit costs for post-grant reviews and covered business method reviews due to uncertainties about future costs. Specifically, post-grant reviews and covered business method reviews may raise additional issues beyond those raised in *inter partes* reviews, such as patent eligibility, written description, enablement, indefiniteness, and public use. Further, given the additional issues that may be raised, post-grant reviews and covered business method reviews provide 33 percent higher word limits for petitions and patent owner responses and preliminary responses. While the actual unit costs for post-grant and covered business method review have typically been higher than the unit costs for *inter partes* reviews for these reasons, it is harder to determine the precise cost of post-grant and covered business method reviews. Due to a relatively small number of trials (approximately 60 post-grant reviews or covered business method reviews annually), the data on actual unit costs can vary from year to year. Therefore, it remains unclear whether the post- SAS costs will remain at the current levels. The rates proposed in the NPRM will be implemented, and the Office will continue to evaluate data as it becomes available to better understand the long-term impact of SAS on post-grant review and covered business method review costs.

*Comment 37:* One commenter stated that the USPTO's elasticity data fails to capture whether small entities react differently than large entities to changes in the AIA trial fees. The commenter suggested the USPTO should study this before instituting a significant increase in fees.

*Response:* AIA trial fees are not subject to small or micro entity discounts under section 10(b) of the AIA. Therefore, reliable data is not available to properly measure the impact of changes to AIA trial fees on small or micro entities. However, the AIA trial proceedings have been popular with some stakeholders because they provide a less expensive and faster alternative to district court litigation. As a result, the PTAB workload has increased significantly since the institution of AIA trials. The increase in AIA trial proceeding fees will help the PTAB maintain the level of judicial, legal, and administrative staff necessary to sustain the quality and timeliness of PTAB decisions.

*Comment 38:* One commenter stated that, for AIA trial fees, the Office should consider a fee reduction or waiver for small and micro entities sued for infringement.

*Response:* Under section 10(b) of the AIA, the Office is permitted to reduce fees for small and micro entities in six categories: "filing, searching, examining, issuing, appealing, and maintaining patent applications and patents." AIA trial fees do not fall into any of those categories. Therefore, absent a change in statutory authority, AIA trial fees are not eligible for discounts or for waiver.

*Comment 39:* Two commenters stated that the Office should reduce the excess claim threshold for an AIA trial request fee from 20 claims to between three and six claims, and also increase the excess claims fee. The commenters make similar proposals for post-institution AIA trial fees.

*Response:* The fee increases are based on cost data collected and analyzed using current excess claims thresholds. The Office does not have sufficient data to evaluate the effect of reducing the excess claim threshold and increasing the excess claims fee. Additionally, the current excess claims fee threshold of 20 for

the AIA trial request fee is the same as the threshold for excess claims for patent applications.

*Comment 40:* One commenter indicated that the Office should raise fees significantly higher and charge more if the petitioner has not been sued.

*Response:* 35 U.S.C. 311(a) (<https://www.govinfo.gov/link/uscode/35/311>) and 321(a) (<https://www.govinfo.gov/link/uscode/35/321>) require fees for AIA trial proceedings be “reasonable, considering the aggregate costs of the review.” Raising fees significantly higher for petitioners that have not been sued has been considered but, bearing in mind the aggregate costs of the review, has not been deemed reasonable at this time.

*Comment 41:* One commenter indicated that raising fees runs counter to Congress's intent to make cost-efficient proceedings.

*Response:* 35 U.S.C. 311(a) (<https://www.govinfo.gov/link/uscode/35/311>) and 321(a) (<https://www.govinfo.gov/link/uscode/35/321>) indicate that fees for AIA trial proceedings are to be “reasonable, considering the aggregate costs of the review.” The Office is always looking for, and open to considering, ways to make AIA trial proceedings more cost-efficient.

#### **NON-DOCX FILING SURCHARGE FEE**

*Comment 42:* Several commenters expressed the opinion that the Office's DOCX submission tools are not ready for implementation for a number of reasons. The DOCX submission process is only available for some submissions. The publicly available DOCX submission process is cumbersome. It is too soon to require a penalty (fee surcharge) of \$400 for non-DOCX submissions. Before such a large penalty is enacted for failure to use DOCX submissions, applicants must be granted more time to adapt their processes to take advantage of the new capability. Commenters suggested an alternative approach of permitting submission of both a record copy and a searchable copy of an application that would provide a viable mechanism to help applicants transition to these new capabilities without prematurely penalizing them, especially in situations where the available tools may not be ready or able to accommodate special cases involving complicated submissions.

*Response:* These comments were considered, and the Office has chosen to delay implementation of the non-DOCX filing surcharge until January 1, 2022. Over the next several months, the Office will continue with its outreach efforts, addressing customer concerns and  providing ample time for applicants to transition to this new process.

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*Comment 43:* One commenter questioned the statement made by the USPTO Acting Deputy Director in the September 2018 PPAC Fee Setting Hearing that “fees for search and examination are set below cost,” and wondered whether this was true when considering the paper filing surcharge and proposed non-DOCX filing surcharge.

*Response:* Under the adjusted fee schedule, the combined fees for filing, search, and examination will continue to be below the cost to the Office to provide those services, even for filers who pay both the paper filing and non-DOCX surcharges. A large entity that pays both surcharges would pay \$2,620 for filing, search, and examination. A small entity would pay \$1,310, and a micro entity would pay \$755. The cost to the USPTO to provide these services was a combined \$4,970 in FY 2018.

*Comment 44:* One commenter wrote that they understand that a non-DOCX surcharge cannot be applied to PCT filings because copies of the PCT publication automatically route into the U.S. national stage application in PDF form. However, the commenter stated that this highlights the unwarranted nature of the non-DOCX surcharge. If a relatively moderate increase in price for PCT national stage entry applications is believed to be fiscally sustainable within the proposed fee structure, then the same should be true of regular non-provisional application filings, and the imposition of a new non-DOCX filing surcharge fee for one and not the other is thus inconsistent.

*Response:* Processing DOCX in national stage applications presents additional challenges and burdens on the Office and applicants that are not encountered with a standard utility application. Further investigation is needed as to the possibility of alternative means for obtaining text data ( *i.e.*, via the International Bureau) that would not burden applicants. This is being considered for the future.

*Comment 45:* One commenter stated that filing in DOCX is a wonderful idea in theory, but says that bugs have not been worked out of the process. The commenter writes that EFS-Web should stop removing “text ornaments.” Until it stops doing this, and until a DOCX filing will reliably result in an identical PDF document, there should be no penalty for filing PDF specifications or other application elements.

*Response:* “Text ornaments,” or text decorations, may not be presented in a form that allows direct reproduction of readily legible copies. *See* CFR 1.52. Therefore, they will continue to be automatically removed, and a warning will be provided.

To date, the Office has not received notifications of any issues resulting from the filing of applications in DOCX format. If there is an instance in which an error occurs, the Electronic Business Center (EBC) should be contacted for investigation at 1-866-217-9197 (toll-free), 571-272-4100 (local), or [ebc@uspto.gov](mailto:ebc@uspto.gov) (<mailto:ebc@uspto.gov>). The EBC is open from 6:00 a.m. to 12:00 midnight ET, Monday through Friday.

*Comment 46:* Multiple commenters opposed the \$400 surcharge for filing in non-DOCX format, suggesting it was unreasonable given the USPTO's own cost figures, to apply optical character recognition (OCR) to convert a patent application submitted in PDF format. One commenter stated that the proposed benefits do not appear to justify the costs of the rule, and there does not appear to have been consideration of approaches that reduce burdens and maintain flexibility and freedom of choice for the public.

*Response:* The use of image-based PDFs incurs many costs over the lifetime of an application. There are large costs associated with the USPTO's systems and personnel, from pre-examination, examination, and publication, due to the need to apply OCR to convert image-based PDFs into structured text that can be leveraged by downstream systems. The surcharge is applied not only to account for these inefficiencies, but also to address rising expenses.

As a part of the DOCX intake process, preliminary validation is performed on DOCX documents at the time of upload. The system immediately detects and supplies the applicant with useful error and warning messages, allowing for adjustments to patent applications earlier in the process. This saves time, reduces potential costs, and prevents delays in processing by minimizing notices of missing parts or incomplete applications from the Office of Patent Application Processing (OPAP).

As patent applications have become increasingly complicated, the non-DOCX surcharge is an effective measure to recover the cost of converting PDFs to text. The text is essential for efficient examination and maintaining the quality of patents issued. According to surveys conducted by the USPTO, the majority of

applicants use word-processing software, such as Microsoft Office and LibreOffice, to author applications in DOCX format. These applicants will now be able to submit applications in this same format to the USPTO, therefore avoiding the new non-DOCX surcharge. Furthermore, the fee is reduced by 50 percent for small entities and 75 percent for applicants that qualify as micro entities.

The Office recognizes the need for freedom of choice to file in different formats. Therefore, image-based PDFs will continue to be accepted for customers who opt to continue to file in that format.

*Comment 47:* Two commenters requested that the Office continue to accept PDF filings at no charge.

*Response:* The use of image-based PDFs incurs many costs over the lifetime of an application. Receiving most applications in DOCX format will provide savings across USPTO systems, enabling efficient examination. Rising expenses make it prohibitive for the USPTO to continue allowing PDF filings with no associated fee to cover the costs of creating structured text that can be leveraged by downstream systems.

*Comment 48:* Many commenters have suggested the USPTO should make a provision for the practitioner to be able to provide a PDF version of the patent application being filed, along with the DOCX file. The PDF version would serve as the controlling version in the event of any discrepancy in the USPTO's rendering of the DOCX file.

*Response:* Many applications are originally created in DOCX and subsequently converted to PDF by applicants prior to submission. An advantage of submitting in DOCX format directly is that submitted files from all applicants are validated and converted to PDF by USPTO systems in a consistent manner. This eliminates the unnecessary step for applicants to generate and attach their own PDF documents. The generated PDF is available pre-submission to provide the applicant an opportunity to review the document before selecting the submit button.

As a part of the DOCX intake process, preliminary validation is performed on DOCX documents at the time of upload. The system immediately detects and supplies the applicant with useful error and warning messages, allowing for adjustments to patent applications early in the process. This saves time, reduces potential costs, and prevents delays in processing by minimizing notices of missing parts or incomplete applications from the Office. Furthermore, the USPTO continuously performs rigorous testing to ensure that document integrity is preserved.

*Comment 49:* One commenter asked whether the surcharge would be waived if an applicant filed on paper because the electronic filing system was not  functioning and a DOCX version was later filed within a certain time period.

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*Response:* The current policy regarding significant unplanned electronic business system outages is available at: <https://www.federalregister.gov/documents/2018/08/30/2018-18897/filing-patent-applications-electronically-during-designated-significant-outages-of-the-united-states> (<https://www.federalregister.gov/documents/2018/08/30/2018-18897/filing-patent-applications-electronically-during-designated-significant-outages-of-the-united-states>). The USPTO will post a notice on its website in the event of a designated significant unplanned electronic business system outage and indicate the dates during which the alternative electronic filing means are available due to such an outage. An application filed via the alternative electronic means during a designated significant unplanned electronic

business system outage will be considered to have been filed by the USPTO's electronic filing system and thus will not incur the non-DOCX surcharge or the fee required by section 10(h) of the AIA for a patent application not filed by the USPTO's electronic filing system.

*Comment 50:* One commenter stated that PDF format is the best and safest format for ensuring that no text becomes garbled or otherwise corrupted by the USPTO system.

*Response:* There have been cases where an applicant submitted PDF documents that have been corrupted or garbled that were traced back to specific PDF creation software. By submitting in text format, the extra step to convert to a PDF copy is no longer necessary, which eliminates issues associated with that conversion process.

Another advantage of submitting in DOCX format directly is that submitted files from applicants are validated and converted to PDF by USPTO systems in a consistent manner. The USPTO continuously performs rigorous testing to ensure that document integrity is preserved.

*Comment 51:* One commenter wrote that PDF files are easier to manage when filing, are better for long-term archival use, can be generated in text-searchable form, will not require fragmented filings using both PDF and DOCX files, carry fewer concerns with respect to malware and viruses, and carry no licensing concerns. The commenter expressed that the DOCX file format is intended for facile editing and by design is not suited for archival purposes, will require fragmented filing with different file formats, will require archiving of files in multiple file formats, carries increased risk of malware and viruses, is no better than other editable file formats, and carries some uncertainty regarding licensing status.

*Response:* DOCX is a word-processing file format that is part of Office Open XML (OOXML), an XML-based open standard approved by the Ecma International® consortium and subsequently by the ISO/IEC joint technical committee.

For more information about the OOXML standard, please see:

- ECMA-376 at <http://www.ecma-international.org/publications/standards/Ecma-376.htm>  
(<http://www.ecma-international.org/publications/standards/Ecma-376.htm>)
- ISO/IEC 29500 at <https://www.iso.org/committee/45374/x/catalogue/>  
(<https://www.iso.org/committee/45374/x/catalogue/>)
- NIST votes for US. Approval of OOXML at <https://www.nist.gov/news-events/news/2008/03/nist-votes-us-approval-modified-office-open-xml-standard> (<https://www.nist.gov/news-events/news/2008/03/nist-votes-us-approval-modified-office-open-xml-standard>)

The USPTO conducted a yearlong study of the feasibility of processing text in PDF documents. The results showed that searchable text data is available in some PDFs, but the order and accuracy of the content could not be preserved. With DOCX, the Office is able to use the text directly and pass it on to USPTO downstream systems, which results in increased data accuracy and a more streamlined patent process.

PDFs are not immune to viruses or hidden malware. However, the USPTO filing system is equipped with malware and virus detection.

DOCX is supported by many popular word-processing applications, such as Microsoft Word, Google Docs, Pages, and LibreOffice.

*Comment 52:* One commenter asked if the USPTO has facts to support the statement that the DOCX to PDF conversion process will work flawlessly 100 percent of the time. If not, the commenter asserted that moving to DOCX is simply not justifiable from a technical perspective.

*Response:* By submitting in DOCX format directly to USPTO systems, submitted files from all applicants are validated and converted to PDF by USPTO systems in a consistent manner. The USPTO continuously performs rigorous testing to ensure that document integrity is preserved. To date, the Office has not received notifications of any issues resulting from the filing of applications in DOCX format. If there is an instance in which an error occurs, the EBC should be contacted for investigation at 1-866-217-9197 (toll-free), 571-272-4100 (local), or [ebc@uspto.gov](mailto:ebc@uspto.gov) (<mailto:ebc@uspto.gov>). The EBC is open from 6:00 a.m. to 12:00 midnight ET, Monday through Friday.

*Comment 53:* One commenter asked about a situation in which the USPTO's rendering engine has changed the result relative to what the practitioner saw on a word processor. The commenter expressed concerns about how to rectify such a situation and stated that knowing that there is a problem and being able to fix the problem in a timely manner may be two completely different things.

*Response:* If there is an instance in which an error occurs, the EBC should be contacted for investigation at 1-866-217-9197 (toll-free), 571-272-4100 (local), or [ebc@uspto.gov](mailto:ebc@uspto.gov) (<mailto:ebc@uspto.gov>). The EBC is open from 6:00 a.m. to 12:00 midnight ET, Monday through Friday.

*Comment 54:* A few commenters noted that the USPTO places the responsibility on the practitioner to check the generated PDF for accuracy. One commenter wanted to confirm that the authoritative document will be the USPTO-generated PDF rather than the DOCX that was submitted. Another commenter felt that USPTO-generated PDFs remove the applicant's ability to control accuracy, and applicants who choose to guarantee accuracy by filing a self-generated PDF should not be penalized with increased fees.

*Response:* The authoritative document will be the PDF that the USPTO systems generate from the DOCX. The filer has always been responsible for the accuracy of the documents being submitted. According to surveys conducted by the USPTO, the majority of applicants use word-processing software, such as Microsoft Office and LibreOffice, which can produce a DOCX file.

Currently, most applicants convert their DOCX documents to PDF and review the PDF documents before submission. Allowing applicants the ability to upload the specification, claims, and abstract in DOCX format reduces the applicants' burden to convert the document to PDF. With this new and improved process, applicants have the ability to upload DOCX documents directly to the USPTO filing system, which will automatically generate PDF documents for the uploaded DOCX files. At this time, applicants are encouraged to review the PDF documents before submission. The step of applicants reviewing their self-generated PDF is being replaced with their review of the USPTO-generated PDF document. The amount of time required by an applicant to review the self-generated PDF is comparable to the time to review the USPTO-generated PDF.

As a part of the DOCX intake process, preliminary validation is performed on DOCX documents at the time of upload. The system immediately detects and supplies the applicant with useful error and warning messages, allowing for adjustments to patent applications early  in the process. This saves time, reduces



potential costs, and prevents delays in processing by minimizing notices from the Office of missing parts or incomplete applications.

The USPTO continuously performs rigorous testing to ensure that document integrity is preserved. To date, the USPTO has not received notifications of any issues resulting from the filing of applications in DOCX format. If there is an instance in which an error occurs, the EBC should be contacted for investigation at 1-866-217-9197 (toll-free), 571-272-4100 (local), or [ebc@uspto.gov](mailto:ebc@uspto.gov) (<mailto:ebc@uspto.gov>). The EBC is open from 6:00 a.m. to 12:00 midnight ET, Monday through Friday.

*Comment 55:* One commenter wrote that instead of DOCX, applicants could upload most of their submissions as text-based PDFs. The commenter further stated that, currently, the USPTO's computer systems degrade files to flatten them to unstructured bitmaps. The commenter contends the problem is caused by the USPTO.

*Response:* The USPTO conducted a yearlong study of the feasibility of processing text in PDF documents. The results showed that searchable text data is available in some PDFs, but the order and accuracy of the content could not be preserved. With DOCX, the Office is able to use the text directly and pass it on to USPTO downstream systems, which results in increased data accuracy and a more streamlined patent process.

*Comment 56:* One commenter stated that for lengthy, complex specifications, the 60-minute timeout in EFS-Web would preclude effective review. In the case of a timeout, the subsequent re-submission would still require the filer to review the entire conversion result from the beginning.

*Response:* This concern can be mitigated by keeping a session active. The timeout process complies with National Institute of Standards and Technology (NIST) guidelines.

*Comment 57:* One commenter recommended that no surcharge would be due if a substitute specification is filed after payment of a surcharge for filing a non-DOCX specification, claims, and/or abstract. Further, the commenter recommended only charging this fee once per application to avoid burdening those individuals who are unable to file DOCX documents.

*Response:* Substitute specifications are considered follow-on documents to an existing application and would not be assessed the non-DOCX surcharge. There will only be one fee per application because the surcharge only applies to initial filings of the non-provisional utility application filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>).

*Comment 58:* One commenter suggested that this surcharge be limited to filing of utility applications and not be extended to the filings of additional documents (e.g., responses, amendments, etc.) to avoid it unduly burdening small businesses and independent inventors by charging this surcharge every time a non-DOCX document is filed.

*Response:* At this time, the surcharge only applies to initial filings of the non-provisional utility application filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>).

*Comment 59:* Two commenters stated that there is no single DOCX standard to which Microsoft Word and the other word processors are all compliant.

*Response:* DOCX is a word-processing file format that is part of Office Open XML (OOXML), an XML-based open standard approved by the Ecma International® consortium and subsequently by the ISO/IEC joint technical committee.

For more information about the OOXML standard, please see:

- ECMA-376 at <http://www.ecma-international.org/publications/standards/Ecma-376.htm>  
(<http://www.ecma-international.org/publications/standards/Ecma-376.htm>)
- ISO/IEC 29500 at <https://www.iso.org/committee/45374/x/catalogue/>  
(<https://www.iso.org/committee/45374/x/catalogue/>)
- NIST votes for U.S. Approval of OOXML at <https://www.nist.gov/news-events/news/2008/03/nist-votes-us-approval-modified-office-open-xml-standard> (<https://www.nist.gov/news-events/news/2008/03/nist-votes-us-approval-modified-office-open-xml-standard>)

*Comment 60:* A few commenters were concerned that DOCX files that contain mathematical equations, chemical formulas, tables, or special fonts would get corrupted by the USPTO system.

*Response:* When a DOCX file is uploaded to the USPTO filing system, a PDF equivalent document is generated for applicant review. The USPTO performs continuous testing of DOCX format files, including sample files that include mathematical equations, chemical formulas, tables, and special fonts. The past results have shown no issues with the conversion of these data types. The Office is working on advanced solutions so that complicated structures in chemical and biochemical patent applications are properly captured in DOCX format.

After submission, applicants have the opportunity to download the associated XML of the submission document, which contains mathematical markup language (MathML) of the mathematical formulas and the content and structure of tables. The USPTO continuously performs rigorous testing to ensure that document integrity is preserved.

To date, the Office has not received notifications of any issues resulting from the filing of applications in DOCX format. If there is an instance in which the mathematical formulas or tables are corrupted in the DOCX and PDF generated by USPTO systems, the EBC should be contacted for investigation at 1-866-217-9197 (toll-free), 571-272-4100 (local), or [ebc@uspto.gov](mailto:ebc@uspto.gov) (<mailto:ebc@uspto.gov>). The EBC is open from 6:00 a.m. to 12:00 midnight ET, Monday through Friday. The USPTO's DOCX support web page located at <https://www.uspto.gov/patent/docx> (<https://www.uspto.gov/patent/docx>) contains a complete list of approved fonts. If there is a font that is not supported, the EBC should be contacted. Pending thorough analysis of the proposed font, it may be added to the supported font list as allowable.

*Comment 61:* A few commenters suggested that requiring a subscription to Microsoft Word to produce DOCX files or payment of a significant surcharge would especially impact individual inventors and start-ups, who are the least able to afford it.

*Response:* Microsoft Word is not required to file in DOCX format. Listed below are word-processing applications that can be used to file in DOCX format.

- Microsoft Word 2007 or higher

- Google Docs
- Office Online
- LibreOffice
- Pages for Mac

*Comment 62:* One commenter stated that the USPTO's current DOCX system breaks page numbering and other automatic formatting features provided by Word because it splits a single document into three documents: The specification, claims, and abstract. The commenter further stated that the shift from PDF to DOCX will affect applicants' recordkeeping requirements and costs. The commenter contends the USPTO's Paperwork Reduction Act of 1995 (PRA) analysis fails to consider this and similar costs.

*Response:* The USPTO considered the impact of the conversion to DOCX, including the aspects raised by the commenter. Applicants can submit one single DOCX document for the specification, including the written description, claims, and abstract. Alternatively, they can submit three separate DOCX documents (specification, claims, abstract). Regardless, this will not affect page numbering or recordkeeping. Therefore, the Office does not believe that this will increase the overall burden and/or costs to applicants.

*Comment 63:* One commenter wrote that in the NPRM, the USPTO claims that over 80 percent of applicants draft □ their patent applications in DOCX. The commenter wishes to understand where this data originated and submits that this does not eliminate document integrity issues with the USPTO receiving DOCX filings properly.

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*Response:* A survey was conducted by the USPTO to obtain this data. An advantage of submitting in DOCX format directly is that submitted files from all applicants are validated and converted to PDF by USPTO systems in a consistent manner. The USPTO continuously performs rigorous testing to ensure that document integrity is preserved.

*Comment 64:* One commenter stated that no reliable process exists in which errors introduced by EFS-Web in its rendering of DOCX files into PDF files may be corrected without being subject to the risk of rejection for new matter.

*Response:* Applicants are encouraged to review the PDF documents generated by the USPTO filing system before submission. The step of applicants reviewing their self-generated PDF is being replaced with their review of the USPTO-generated PDF document. The amount of time required by the applicant to review the self-generated PDF is comparable to the time to review the USPTO-generated PDF.

To date, the Office has not received notifications of any issues resulting from the filing of applications in DOCX format. If there is an instance in which an error occurs, the EBC should be contacted for investigation at 1-866-217-9197 (toll-free), 571-272-4100 (local), or [ebc@uspto.gov](mailto:ebc@uspto.gov) (<mailto:ebc@uspto.gov>). The EBC is open from 6:00 a.m. to 12:00 midnight ET, Monday through Friday.

*Comment 65:* One commenter suggested that the USPTO could extract the convenience text from PDF documents, which, as in current practice, are uploaded by filers without penalty and are intended to be the "official" filing artifacts. Almost all PDF files directly produced from word-processing software contain extractable text. (The USPTO states in the NPRM that more than 80 percent of filings use DOCX authoring

tools; it is reasonable to extrapolate that a high fraction of non-drawing PDF files uploaded to EFS-Web could be directly produced by word-processing software and could contain extractable text.) Many PDF files created by other means also contain extractable text.

*Response:* The USPTO conducted a yearlong study of the feasibility of processing text in PDF documents. The results showed that searchable text data is available in some PDFs, but the order and accuracy of the content could not be preserved. With DOCX, the Office is able to use the text directly and pass it on to USPTO downstream systems, which results in increased data accuracy and a more streamlined patent process.

*Comment 66:* One commenter suggested modifying the filing system so that if a DOCX document contains a discrepancy, it can be corrected after the filing date without losing priority to the filing date.

*Response:* The ability for correction after the filing date depends on whether it was an applicant error or Office error. If the applicant makes an error, there is the potential to lose priority to the filing date depending on the type of correction. For example, for applications filed on or after September 16, 2012, if there is a discrepancy between the information submitted in an application data sheet and the information submitted elsewhere in the application, the application data sheet will control except for the naming of inventors. The naming of the inventorship is governed by 37 CFR 1.41 (<https://www.ecfr.gov/current/title-37/section-1.41>), and changes to inventorship or the names of inventors is governed by 37 CFR 1.48 (<https://www.ecfr.gov/current/title-37/section-1.48>). In addition, for applications filed on or after September 16, 2012, the most recent application data sheet in compliance with 37 CFR 1.76 (<https://www.ecfr.gov/current/title-37/section-1.76>) will govern with respect to foreign priority claims or domestic benefit claims. See 37 CFR 1.76(d) ([https://www.ecfr.gov/current/title-37/section-1.76#p-1.76\(d\)](https://www.ecfr.gov/current/title-37/section-1.76#p-1.76(d))) and MPEP § 601.05(a). If it is the Office's error, applicants are encouraged to contact the Patent Electronic Business Center ([ebc@uspto.gov](mailto:ebc@uspto.gov) (<mailto:ebc@uspto.gov>)) or file a petition.

*Comment 67:* One commenter suggested that the Office should reduce fees for those who file an ISO 19005–1-compliant PDF/A document, which is fully text searchable and accessible. The commenter also suggested that the Office could further reduce fees for those who file a DOCX version of the application with a certification of its accuracy in addition to their own PDF. The supplemental DOCX file would provide the Office with the structured text without jeopardizing the official application filed in PDF.

*Response:* The USPTO conducted a yearlong study of the feasibility of processing text in PDF documents. The results showed that searchable text data is available in some PDFs, but the order and accuracy of the content could not be preserved. The USPTO has determined that increased data accuracy and a more streamlined patent process will result from DOCX submissions.

*Comment 68:* One commenter suggested that the USPTO reduce the surcharge to reflect the true cost to the Office of processing non-DOCX applications (the current cost of OCR of approximately \$3.15 per new submission) or offer a rebate for applicants filing in DOCX.

*Response:* The cited cost only covers the initial OCR. The use of image-based PDFs incurs many costs over the lifetime of an application. There are large costs associated with the USPTO's systems and personnel, from pre-examination, examination, and publication, due to the need to apply OCR to convert image-based PDFs to structured text that can be leveraged by downstream systems. The surcharge is applied not only to account

for these inefficiencies, but also to address rising expenses. Alternatively, to achieve these goals, the filing fee could be increased by \$400 and a \$400 rebate could be offered for filing in DOCX, but a lower filing fee with a non-DOCX surcharge makes the fee schedule more streamlined than a higher fee with a rebate.

*Comment 69:* Several commenters asked how the Office will handle metadata retention to assure applicants' interests will not be harmed. A commenter wanted to know whether metadata would be irretrievably removed upon filing or if the Office would maintain multiple versions of an application.

*Response:* Generally, applicants remove metadata from their applications prior to submission. However, if metadata is still contained in the document when uploaded, EFS-Web (and the next generation Patent Center tool) will automatically remove unnecessary document properties such as author, last modified by, etc. The only metadata that remains part of the document is the size, number of pages, and word count. The pre-scrubbed document will not be stored by the USPTO. Only submitted documents are stored in the USPTO repository.

*Comment 70:* One commenter was concerned that the process for submitting a DOCX file is uncertain and unclear. When the user uploads a DOCX file, the USPTO system runs it through a rendering engine to yield a PDF file. Further, while the DOCX web page indicates that the submission of a DOCX file generates a unique hash based on the content of the file to ensure that the DOCX file cannot be changed post-submission, there is no indication as to when and how this hash is checked to determine whether a document has been modified or whether it would matter if it had been modified, as the converted PDF document is the official record. Because the converted PDF document is the official record, it appears that any discrepancies discovered after submission cannot be corrected. □

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*Response:* The message digest (hash) is generated to ensure non-repudiation of the DOCX. The benefit of this generated message digest to the applicant is that they can verify that the submitted DOCX is identical to the file in their records. Additionally, the applicant is given an opportunity to review the generated PDF to verify that it is accurate prior to submission. If there is an instance in which an error occurs, the EBC should be contacted for investigation at 1-866-217-9197 (toll-free), 571-272-4100 (local), or [ebc@uspto.gov](mailto:ebc@uspto.gov) (<mailto:ebc@uspto.gov>). The EBC is open from 6:00 a.m. to 12:00 midnight ET, Monday through Friday.

*Comment 71:* One commenter wanted the USPTO to consider the effects of breaking up sections of a single-source document (this is presently required of applicants who submit DOCX files, but the USPTO will do it in the future when it allows a single specification/claims/abstract file to be uploaded).

*Response:* The next generation Patent Center tool will be available to the public before the non-DOCX surcharge is implemented and will support the ability to upload a single file that contains all three application parts: Specification, claims, and abstract.

*Comment 72:* One commenter wrote that the USPTO stated “Applications filed using DOCX will be more accessible in future searches of publication materials.” The commenter wanted to know what this statement meant, relative to OCR.

*Response:* Structured text coming directly from DOCX submissions can be used for future initiatives to help streamline the patent process. The current publication process involves human intervention and text OCR'ed from images, which may contain errors. The goal is to leverage the structured text submitted by applicants, which will be more accurate than OCR'ed text, in downstream business processes.

*Comment 73:* One commenter asked if the non-DOCX filing surcharge will apply to divisional and continuation applications.

*Response:* Yes, the surcharge applies to divisional and continuation applications.

*Comment 74:* One commenter wanted to know if the non-DOCX surcharge fee can be avoided in continuing applications by “filing by reference,” as provided in MPEP 601.01(a)(III).

*Response:* No, the surcharge cannot be avoided by filing by reference in a continuing application.

*Comment 75:* One commenter asked if the surcharge will apply to PCT applications at national stage entry.

*Response:* No, the surcharge does not apply to a PCT application at national stage entry.

*Comment 76:* One commenter wanted to know if the surcharge applies to any other filings beyond filing the initial application (such as: Office action responses, preliminary amendments, a response with a replacement specification, etc.).

*Response:* No, the surcharge will not apply at this time.

*Comment 77:* One commenter questioned whether the surcharge will apply if, at filing, the applicant included both a DOCX and a PDF version of the application.

*Response:* Applicants should not file both the DOCX and a PDF version of the application, as this may delay the processing of their application. The copy of the specification not filed in DOCX would require the surcharge, as the entire application capable of being filed in DOCX was not filed in DOCX.

*Comment 78:* One commenter wanted to know whether the non-DOCX surcharge would be imposed in addition to the paper-filing surcharge for an application filed on paper.

*Response:* Yes, both surcharges would be imposed.

*Comment 79:* One commenter noted that plant patent applications have been required to be filed on paper and wondered whether the non-DOCX surcharge would apply to all plant patent applications.

*Response:* No, the non-DOCX filing surcharge would not apply to plant patent applications. At this time, the surcharge only applies to initial filings of non-provisional utility applications filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>).

## **PRO HAC VICE**

*Comment 80:* One commenter requested that the Office clarify the specifics of the fee to request *pro hac vice* admission in an AIA trial proceeding.

*Response:* The *pro hac vice* admission fee is per attorney, per AIA trial proceeding. Once the request is granted, the attorney is admitted for the entire duration of the AIA trial proceeding, which may extend for several years. Individuals not seeking to be recognized as an attorney of record in the AIA trial proceeding, such as expert witnesses, are not required to pay the fee.

## **ANNUAL ACTIVE PATENT PRACTITIONER FEE**

*Comment 81:* Multiple commenters oppose any practitioner fee. Three of the commenters stated that the USPTO should be able to fund itself, including the costs of OED, with other revenue sources such as patent fees, and not practitioner fees. One of the commenters suggested that the USPTO cut costs elsewhere to compensate for the costs to be covered by the proposed annual active patent practitioner fee. One other commenter opposed funding OED through an annual active patent practitioner fee as established in the NPRM. Another commenter asserted that the justification provided for the fee is inadequate.

*Response:* The USPTO received a number of comments on the proposed annual active patent practitioner fee. As discussed above, having further considered the public feedback on this proposal, the USPTO has determined that it will not implement the proposed annual active patent practitioner fee at this time.

*Comment 82:* One commenter suggested the materials provided by the USPTO identify no statutory authorization. The commenter contended § 41(d)(2)(A) permits the director to “establish fees for all other processing, services, or materials,” but the USPTO has failed to identify a specific “processing, service, or material” that is provided. The commenter also contended § 2(a)(2)(D) authorizes the director to “govern recognition and conduct of agents [and] attorneys,” but no fee is authorized as part of § 2(a)(2)(D).

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 83:* Two commenters wanted the USPTO to remove the annual active patent practitioner fee and CLE discount from the NPRM and to issue one or more separate NPRMs for any proposed annual active patent practitioner and CLE discount or requirement. A commenter argued that as a new fee, the newly proposed practitioner fee (and rules) likely must be implemented, if at all, only after issuing a **Federal Register** notice under the Administrative Procedures Act (APA).

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 84:* One commenter stated that section 3(b)(1) of Executive Order (E.O.) 12866 (Regulatory Planning and Review) requires that the USPTO “identify the problem that it intends to address (including, where applicable, the failures of private markets or public institutions that warrant new agency action) as well as assess the significance of that problem.” The commenter □ further stated that the APA requires a statement of rationale at the proposal stage.

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*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 85:* One commenter stated that the annual active patent practitioner fee is not in compliance with E.O. 12866, in part, because the NPRM did not include an estimate of either costs or benefits of the intended regulation and thus no balancing against the status quo. Another commenter similarly stated that the USPTO has not quantified and monetized the benefits and costs and evaluated non-quantified and non-monetized benefits and costs as required by OMB Circular A-4.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time .

*Comment 86:* One commenter wrote that the USPTO must analyze costs for all patent agents and patent attorneys who do not have an existing CLE requirement that would overlap with any USPTO requirement.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. Under this Final Rule, completion of CLE remains voluntary. However, the Final Rule provides that patent practitioners who have completed six credits of CLE within the preceding 24 months may certify such completion to the OED director. The USPTO intends to issue proposed CLE guidelines, with a request for public comment on the proposed guidelines.

*Comment 87:* One commenter claimed the Regulatory Flexibility Analysis must analyze the effect of the annual active patent practitioner fee on small entities because a great number of practitioners work for small entities.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 88:* One commenter stated the USPTO must be able to certify that the annual active patent practitioner fee requirement is “necessary for the proper performance of the functions of the agency.” 44 U.S.C. 3506(c)(3)(A) (<https://www.govinfo.gov/link/uscode/44/3506>).

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 89:* One commenter stated that the USPTO must be able to certify that the annual active patent practitioner fee requirement is implemented in ways “consistent and compatible, to the maximum extent practicable, with the existing reporting and recordkeeping practices of those who are to respond,” including those attorneys in states that do not have existing CLE requirements, and for all agents.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. Under the Final Rule, completion of CLE remains voluntary.

*Comment 90:* One commenter argued the statement in 84 FR 37422 (/citation/84-FR-37422) at col. 1 that, “The USPTO proposes to add paragraph (d) to § 11.8 to establish a new fee to be paid annually by practitioners” and the statement in E.O. 13771 (/executive-order/13771) certification, at 84 FR 37430 (/citation/84-FR-37430) that states “this proposed rule is expected to involve a transfer payment” cannot both be true. The commenter contended the annual active patent practitioner fee does not fit any of the applicable definitions of “transfer payment.”

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 91:* One commenter claimed the USPTO's proposed \$100 annual fee discount, as well as recognition on OED's public practitioner search page for completed CLE, are encouragements that make the annual active patent practitioner fee an unconstitutional tax.



*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. In addition, under the Final Rule, completion of CLE remains voluntary. However, practitioners may be recognized in the online practitioner directory if they certify completion of six credit hours of CLE (five in patent law and practice; one in legal ethics) in the preceding 24 months.

*Comment 92:* One commenter stated that the USPTO needs to account for the costs of reporting and recordkeeping and other compliance costs for the annual active patent practitioner fee under the PRA, including a discussion of the lowest burden alternative, and that the public benefit is in the same range. The commenter suggested that the annual fee must be the least costly way to achieve the benefit.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 93:* One commenter stated that the USPTO does not specify in the NPRM what the “qualitative benefits” are for the annual active patent practitioner fee.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 94:* A few commenters requested that the USPTO identify the statutory authority allowing for defraying the patent-related costs of operating OED by imposition of an annual active patent practitioner fee and also for the CLE requirement. One of the commenters stated that the NPRM is not explicit about the basis for setting the fee but that it is suggested that it is being set under the “Other fees” provisions of 35 U.S.C. 41(d)(2)(A) (<https://www.govinfo.gov/link/uscode/35/41>). The commenter requested the USPTO explain how the proposed fees involve a service to the person being charged the fee in accordance with 31 U.S.C. 9701 (<https://www.govinfo.gov/link/uscode/31/9701>) (specifying that user fees must be set based on “the value of the service or thing to the recipient”). One of the commenters stated that section 10 of the AIA prohibits the creation of new fees, such as the annual active patent practitioner fee.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. Under the Final Rule, completion of CLE remains voluntary.

*Comment 95:* One commenter requested that the Office consider approving USPTO CLE courses for on-duty training of patent examiners. Another two commenters requested that the Office consider making the USPTO CLE courses required for Office employees, including patent examiners. One of these commenters requested that the USPTO have employees pay an annual employee fee as a pilot program prior to instituting the Final Rule to at least partially fund the USPTO.

*Response:* Patent examiners receive extensive on-duty training for the performance of their official duties on a continual basis. Patent examiner training is specifically tailored to the requirements of the position and includes examiner guidance based on changes in the law and regulations. However, CLE courses offered by the USPTO are generally available to employees, just as they are available to other members of the public. The USPTO is not requiring that any member of the patent bar complete CLE and will not be requiring CLE of USPTO □ employees who happen to be members of the patent bar.

*Comment 96:* One commenter suggested that the first three to five years of the annual active patent practitioner fee be waived to alleviate the cost burden for those who become registered patent practitioners before attending law school.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 97:* A few commenters suggested that the annual active patent practitioner fee is a tax, specifically a tax on innovation. Two of these commenters and three other commenters stated the annual active patent practitioner fee would particularly affect smaller law firms or part-time practitioners who represent smaller entities and independent inventors. The commenters further asserted that if individuals are deterred from patent practice, some patent applicants may be priced out of legal services. It is postured that this would increase the volume of *pro se* filings, inefficiency, cost, and use of USPTO resources.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 98:* One commenter suggested that the annual active patent practitioner fees will be siphoned off to Treasury funds, disincentivizing innovation by misallocating funds. Another two commenters questioned what the funds collected from the annual active patent practitioner fee would be used for. One of these commenters requested that the funds collected be used to fund *pro se* services.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 99:* Two commenters stated that the new annual active patent practitioner rules seem to require unneeded CLE where state bar associations already provide ample training. One commenter inquired whether the CLE reporting period would align with the reporting periods used by state bars.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. In addition, under the Final Rule, completion of CLE remains voluntary. However, patent practitioners who certify completion of six credit hours of CLE in the preceding 24 months, including five hours of patent law and practice and one hour of ethics, may be recognized in the online practitioner directory. Generally, the same types of courses and activities that qualify for CLE credit for a state bar will qualify for credit for purposes of the CLE recognition in the online practitioner directory, so long as it covers the appropriate topics. It is expected that these CLE reporting periods will not align with all state bar reporting periods, as they vary from state to state. Each CLE certification for the purposes of recognition in USPTO's online practitioner directory should be supported by the completion of different CLE courses. In other words, practitioners may not use the same courses to certify to the USPTO more than once that they have completed the six credits of CLE.

*Comment 100:* One commenter stated that there was no explanation in the NPRM for the: (1) Manner of collecting the payment for the annual active patent practitioner fee, (2) different classes of practitioners having different fee requirements, (3) penalties for non-compliance, and (4) options for reinstatement. Another commenter inquired as to the process for reinstatement.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 101:* One commenter stated that once the annual active patent practitioner fee is imposed, the fee will be increased over time, which will change the dynamics of practicing in patent matters before the USPTO.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 102:* One commenter stated that, regarding the annual active patent practitioner fee, taxpayers, not patent practitioners, should pay for the Patent Pro Bono Program because taxpayers benefit from the program. Additionally, the commenter stated that there are already *pro bono* programs operated by law schools and non-governmental organizations that address this need.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 103:* A few commenters stated that, regarding the annual active patent practitioner fee, as attorneys, they already pay state bar dues and attend CLE, and the USPTO needs to account for those costs when charging the fee. One additional commenter stated that the USPTO must analyze costs for all patent attorneys who are admitted to the bars of any state that does not impose an existing CLE requirement that would overlap with any USPTO CLE requirement.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. The Office appreciates that CLE is required by other state bar organizations. Under this Final Rule, completion of CLE remains voluntary, but in taking six hours of CLE, practitioners may be recognized in the online practitioner directory. Additionally, practitioners may avoid duplicate expenses, as some or all of the CLE courses attended by practitioners as required by their state bar membership may count toward the six hours of CLE necessary to qualify for the USPTO CLE recognition.

*Comment 104:* One commenter inquired about the implications of an administratively suspended or voluntarily suspended practitioner giving advice on a patent matter versus signing documents before the Office, and whether giving advice on a patent matter would be considered practice before the Office.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. However, the Final Rule requires patent practitioners to biennially file a registration statement. If a patent practitioner fails to timely file a registration statement, the patent practitioner may be administratively suspended, as is the case for patent practitioners who fail to respond to the practitioner survey. 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))) states, in part, that, "Practice before the Office in patent matters includes, but is not limited to . . . consulting with or giving advice to a client in contemplation of filing a patent application or other document with the Office." Thus, practice before the Office is not limited to signing documents. An administratively suspended practitioner is under the disciplinary jurisdiction of the Office. *See* 37 CFR 11.19(a) ([https://www.ecfr.gov/current/title-37/section-11.19#p-11.19\(a\)](https://www.ecfr.gov/current/title-37/section-11.19#p-11.19(a))). Those who engage in the practice of patent law before the Office without being in active status may be engaging in the unauthorized practice of law and can be subject to discipline. *See* 37 CFR 11.10 (<https://www.ecfr.gov/current/title-37/section-11.10>), 11.11(a)(6) ([https://www.ecfr.gov/current/title-37/section-11.11#p-11.11\(a\)\(6\)](https://www.ecfr.gov/current/title-37/section-11.11#p-11.11(a)(6))), and 11.505 (<https://www.ecfr.gov/current/title-37/section-11.505>). Under

this Final Rule, there is no “voluntarily □ suspended” status. Voluntary inactive status, which is currently governed by 37 CFR 11.11(d) ([https://www.ecfr.gov/current/title-37/section-11.11#p-11.11\(d\)](https://www.ecfr.gov/current/title-37/section-11.11#p-11.11(d))), is unchanged by this Final Rule.

*Comment 105:* Two commenters inquired if an administratively suspended or voluntarily suspended patent agent will lose attorney-client privilege due to their suspended status.

*Response:* Under this Final Rule, there is no voluntary suspended status. All practitioners, including suspended patent agents, must comply with the USPTO Rules of Professional Conduct, including those pertaining to confidentiality of information. See 37 CFR 11.106 (<https://www.ecfr.gov/current/title-37/section-11.106>). Attorney-client privilege is an evidentiary rule regarding communications. See *e.g.*, Fed. R. Evid. 501. The right to assert attorney-client privilege belongs to the client, and the privilege exists for the client's benefit. See *e.g.*, *Magnetar Techs. Corp. v. Six Flags Theme Park Inc.*, 886 F.Supp.2d 466 (D. Del. 2012). Patent agents are not attorneys in that they are not active members in good standing of the bar of the highest court of any state. See 37 CFR 11.1 (<https://www.ecfr.gov/current/title-37/section-11.1>). The scope of the privilege as it applies to communications between clients and patent agents has been discussed or determined by some tribunals. See *e.g.*, *In re Queen's Univ. at Kingston*, 820 F.3d 1287 (Fed. Cir. 2016); *In re Silver*, 540 SW3d 530 (Tex. 2018); and Privilege for Patent Practitioners, 37 CFR 42.57 (<https://www.ecfr.gov/current/title-37/section-42.57>). The scope of the privilege as it applies to communications between a client and an administratively suspended attorney, in general, is a matter of state law and has been addressed by some courts. See, *e.g.*, *Gucci America, Inc. v. Guess?, Inc.*, No. 09 Civ. 4373, 2011 WL 9375 (S.D.N.Y. Jan. 3, 2011); *Safety Mgmt. Sys. v. Safety Software Ltd.*, No. 10 Civ. 1593, 2011 WL 4898085 (S.D.N.Y. Oct. 5, 2011); Restatement (Third) of the Law Governing Lawyers § 72, cmt. e, reporter's note cmt. e (2000) (citing cases).

*Comment 106:* Two commenters stated that the statuses for patent practitioners discussed in the NPRM, including administratively suspended, suspended due to discipline, voluntary inactive, emeritus, and resigned, are too numerous and complex for section 10 of the AIA fee setting authority and should be implemented in a separate rule package because each status has separate fee and reinstatement requirements.

*Response:* No new statuses for patent practitioners are created by this Final Rule.

*Comment 107:* Two commenters inquired why someone would opt for voluntary suspension status over emeritus status, as there are no fees for emeritus status and reactivation is easier.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner this fee. Accordingly, emeritus status has been eliminated from the Final Rule. Furthermore, no “voluntary suspension status” was proposed by the NPRM or included in the Final Rule.

*Comment 108:* One commenter inquired if the Office considered that an inadvertently administratively suspended attorney may need to report the suspension to their state bar.

*Response:* If a patent practitioner is a member of a state bar, it is expected that the practitioner comply with the USPTO Rules of Professional Conduct, as well as any applicable state ethics rules, which may include any applicable reporting requirements in state bar rules.

*Comment 109:* A few commenters stated that the CLE discount is not much of an incentive, given the cost of CLE programs, including out-of-pocket expenses and lost productivity, and it is likely that practitioners will choose not to make the certification and instead pay the undiscounted annual active patent practitioner fee. One commenter concluded that the discount therefore seems to be a tax. Another commenter stated that if the proposed discount and online recognition are meant to encourage CLE, then the proposal constitutes a tax that is being used to set policy.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time, and thus, there is no CLE discount in this Final Rule. Under this Final Rule, completion of CLE remains voluntary. However, this rule provides that practitioners may be recognized in the online practitioner directory for completing six credits of CLE in the preceding 24 months, including five credits in patent law and practice and one credit in ethics. CLE comports with the goal and spirit of 37 CFR 11.101 (<https://www.ecfr.gov/current/title-37/section-11.101>): The USPTO requires the practitioner to be competent in the legal, scientific, and technical knowledge and skills reasonably necessary for client representation. This rule also provides that practitioners may obtain up to two of the five credits in patent law and practice by completing patent *pro bono* work.

*Comment 110:* A few commenters stated that the annual active patent practitioner fee would disproportionately affect patent agents because they do not currently have a CLE requirement, and they would therefore incur an extra expense as compared to patent attorneys. Two of these commenters additionally stated that publication of the CLE certification status of practitioners by the OED director may be equivalent to a public shaming of those patent practitioners who do not have a state CLE requirement or who opt to pay the full fee, resulting in unfair prejudice toward those who do not certify completion of CLE and essentially making CLE mandatory.

*Response:* In this Final Rule, there is no active patent practitioner fee, and thus there is no CLE discount. In addition, under the Final Rule completion of CLE remains voluntary. Separately, this rule provides for publication of a patent practitioner's CLE certification status, which is intended to encourage patent practitioners to participate in CLE and provide information to the public regarding the patent practitioner's CLE status. The USPTO also intends to provide additional free CLE courses to patent practitioners, thus alleviating the financial burden of obtaining CLE credits.

*Comment 111:* Two commenters stated that unless the USPTO, in advance, actively commits resources to providing free, regular, and frequent qualifying CLE courses in the required areas, some practitioners, particularly solo practitioners and patent agents, will bear an additional financial burden or cost of doing business. One commenter requested that the Office explain how the USPTO will alleviate future CLE burden and cost.

*Response:* The USPTO intends to provide additional free CLE courses for patent practitioners.

*Comment 112:* One commenter inquired if, in determining a proper fee amount for the projected number of registered practitioners expected to pay each type of fee, factors such as the historical trends of active practitioner populations by registration year, including both estimated new practitioner registration as well as likely attrition rates from older subsets, were taken into consideration.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 113:* One commenter stated that there is currently no mechanism for CLE to be recorded for non-attorney patent agents. This commenter inquired how patent agents would be able to avoid paying the full fee in the first year □ without procedures or a mechanism established well in advance for patent agents to secure qualifying CLE credits. This commenter further inquired whether practitioners would be able to reference a training or workshop they attended even if they were not able to receive CLE credits at the time of participation.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time, thus, there is no CLE discount. However, patent practitioners who wish to receive recognition in the online practitioner directory for the completion of CLE are responsible for tracking their own CLE course attendance and credits, regardless of the method in which such credits are recorded (or not recorded) by a state bar or other organization. In order for the CLE credit to count toward recognition in the online practitioner directory, the credit must be acquired in the 24 months preceding the certification. The USPTO intends to coordinate the delivery of CLE programs, and make the completion of CLE—whether offered by the USPTO or third parties—as convenient as possible for practitioners to complete, while enhancing practitioner access to, and opportunities for, the training necessary to stay up-to-date with current ethics and patent law and practice.

*Comment 114:* One commenter inquired how practitioners will be able to determine, in advance, which third-party CLE programs will be adequate for meeting the CLE requirement.

*Response:* Under this Final Rule, the completion of CLE is voluntary. For patent practitioners who wish to complete CLE and obtain recognition in the online practitioner directory, the USPTO intends to coordinate the delivery of CLE programs, and make the completion of CLE—whether offered by the USPTO or third parties—as convenient as possible for practitioners to complete, while enhancing practitioner access to, and opportunities for, the training necessary to stay up-to-date with current ethics and patent law and practice. Additionally, in the near future, the USPTO intends to issue proposed CLE guidelines, with a request for public comment, as to the types of CLE programs, including those offered by third parties, which may qualify for the CLE certification and the form of recognition in the online practitioner directory.

*Comment 115:* One commenter inquired if practitioners will be required to submit formal documentation of their CLE training on an annual basis or if each practitioner would have to maintain their own CLE documentation records to certify they have completed the CLE. Another commenter requested clarification on the recordkeeping requirements for CLE, including what type of proof is sufficient to demonstrate CLE completion. Another commenter requested clarification on what CLE would be tracked and how long it would be tracked.

*Response:* In the near future, the USPTO intends to issue proposed CLE guidelines, with a request for public comment on the proposed guidelines. The proposed CLE guidelines will address recordkeeping standards for practitioners who wish to certify completion of CLE and obtain recognition in the online practitioner directory. In general, it is contemplated that the proposed CLE guidelines will provide that practitioners are to retain their own CLE documentation records for a period of time.

*Comment 116:* Two commenters stated that they are supportive of the notion to incentivize active practitioners to enhance and maintain their ongoing legal education awareness and skills by providing a \$100 discount for registered practitioners who certify completion of CLE.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. Thus, there is no discount associated with the completion of CLE. However, the Office may recognize patent practitioners in the online practitioner directory if they have completed six credits of CLE in the preceding 24 months. The Office believes that this will similarly incentivize active patent practitioners to enhance and maintain their skills.

*Comment 117:* Two commenters inquired if the Office considered that imposing the annual active patent practitioner fee may result in an increase in practitioner malpractice premiums, especially if the USPTO does not actively notify practitioners of their due dates by both USPS mail and email. One of these commenters suggested that notification by mail alone may be insufficient, and the Office should encourage practitioners to register multiple mailing and email addresses with OED. One other commenter encouraged OED to use both practitioners' addresses in the register and those in other USPTO databases to send out notices regarding payment, deadlines, and non-payment. The same commenter requested that OED telephone practitioners regarding non-payment of the annual active patent practitioner fee.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the active patent practitioner fee at this time. Under the Final Rule, patent practitioners are required to submit an electronic registration statement, which takes the place of the practitioner survey. Prior to this Final Rule, patent practitioners were subject to administrative suspension for failure to respond to the practitioner survey. Likewise, under the Final Rule, patent practitioners who fail to submit a registration statement are subject to administrative suspension. The Office intends to notify patent practitioners of the due date of the registration statement at least 120 days before such date. Additionally, 37 CFR 11.11(a) ([https://www.ecfr.gov/current/title-37/section-11.11#p-11.11\(a\)](https://www.ecfr.gov/current/title-37/section-11.11#p-11.11(a))) requires practitioners to provide OED with at least one and up to three email addresses where the practitioner receives email. Patent practitioners are encouraged to make updates in a timely manner to and ensure the accuracy of their contact information in accordance with 37 CFR 11.11(a) ([https://www.ecfr.gov/current/title-37/section-11.11#p-11.11\(a\)](https://www.ecfr.gov/current/title-37/section-11.11#p-11.11(a))) so that OED may timely communicate with practitioners regarding any applicable deadline.

*Comment 118:* Multiple commenters stated the annual active patent practitioner fee is too high. One commenter stated that the fee will deter some practitioners and add a barrier to entry. One commenter suggested setting the fee to the CLE discount level and providing a discount to solo practitioners, or patent practitioners employed by a small law firm, non-profit, and/or the government because, otherwise, payment of the fee may become prohibitively expensive. Another commenter stated that instead of providing the CLE discount, the Office should provide a discount to practitioners who provide *pro bono* services via the Patent Pro Bono Program. The commenter also stated that the annual active patent practitioner fee is substantially higher than some state bar fees. One of these commenters concluded the fee was too high to just cover administrative costs and aiding the *pro bono* programs. Additionally, the commenter would like the CLE discount to be greater than \$100. The other commenter stated that most practitioners do not work in large city firms and therefore cannot afford the fee. Another commenter stated that the annual active patent practitioner fee should only be high enough to maintain the roster and should not be used to administer CLE, *pro bono* activities, or outreach, such as speaking engagements, as there are already  mandatory fee schedules in place (*i.e.*, small entity and micro entity) to aid financially under-resourced inventors. Other commenters questioned whether the annual active patent practitioner fee should be used to fund activities outside of practitioner discipline.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 119:* A few commenters stated that the annual active patent practitioner fee will be passed on as overhead to applicants and that it is illusory to suggest that applicants will not eventually bear the cost of the fees.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 120:* One commenter suggested that there should be no “voluntary inactive” or “emeritus” status because it seems to indicate that the USPTO is encouraging inactivity of practitioners who should always have a professional obligation to remain apprised of the current rules, case law, and filing procedures.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. As a result, the USPTO is not implementing the proposed emeritus status. Voluntary inactive status, which is currently available to practitioners pursuant to 37 CFR 11.11(d) ([https://www.ecfr.gov/current/title-37/section-11.11#p-11.11\(d\)](https://www.ecfr.gov/current/title-37/section-11.11#p-11.11(d))), is not altered by this Final Rule.

*Comment 121:* Multiple commenters opposed offering a discount on the annual active patent practitioner fee for completion of CLE. One of the commenters asserted that by doing so, the USPTO is implying that it is permissible not to take CLE, as long as the USPTO gets paid more money. Commenters stated that any CLE requirement should be decoupled from the annual active patent practitioner fee.

*Response:* This comment has been adopted in part. As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. Under this Final Rule, patent practitioners are not required to complete any CLE. However, patent practitioners may be able to obtain recognition in the online practitioner directory by certifying that they completed six credits of CLE within the 24 months prior to the certification (including five credits of patent-related CLE and one credit of ethics CLE). The Office believes that CLE serves to enhance patent practitioners' legal skills and encourages patent practitioners to enhance their knowledge in the areas of patent and ethics legal skills. Competency in these areas is expected pursuant to the USPTO Rules of Professional Conduct.

*Comment 122:* Two commenters questioned the value of CLE. One of these commenters questioned the statement, “CLE serves to enhance practitioners' legal skills.” 84 FR 37415 (/citation/84-FR-37415). One of these commenters stated that the present burden on attorneys of complying with CLE requirements is already onerous.

*Response:* At least 46 states have implemented mandatory CLE for attorneys. Consistent with USPTO's past statements regarding the completion of CLE, the primary purposes of CLE are to ensure lawyer competence, maintain public confidence in the legal profession, and support the fair administration of justice. *See* 78 FR 20188 (/citation/78-FR-20188); Report of the Standing Committee on Continuing Legal Education of the American Bar Association (February 2017); and ABA Model Rule on Continuing Legal Education, February 2017, “Purpose.” Recognition in the online practitioner directory will also serve to provide information to the public regarding a patent practitioner's CLE status. The USPTO intends to coordinate the delivery of CLE programs and make the completion of CLE—whether offered by the USPTO or third parties—as convenient as possible for patent practitioners to complete, while enhancing patent practitioner access to, and opportunities for, the training necessary to stay up-to-date with current ethics and patent law and practice. Thus, completion of CLE for state bar purposes may also satisfy the requirements to receive recognition in the online practitioner directory.



*Comment 123:* One commenter stated that the proposed practitioner fee is not in compliance with E.O. 12866, in part, because the NPRM did not include an estimate of either costs or benefits of the intended regulation and thus no balancing against the *status quo*.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 124:* One commenter stated that the USPTO needs to account for the costs of reporting and recordkeeping and other compliance costs for the annual active patent practitioner fee under the PRA, including a discussion of the lowest burden alternative and that the public benefit is in the same range. The commenters suggested that the annual active patent practitioner fee must be the least costly way to achieve the stated benefit.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 125:* One commenter stated that the USPTO must be able to certify that the annual active practitioner fee requirement is implemented in ways “consistent and compatible, to the maximum extent practicable, with the existing reporting and recordkeeping practices of those who are to respond,” including for those attorneys in states that do not have existing CLE requirements, and for all agents.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. Additionally, under the Final Rule, patent practitioners are not required to complete CLE.

*Comment 126:* One commenter stated that, regarding the annual active patent practitioner fee, the USPTO has not quantified and monetized the benefits and costs and evaluated non-quantified and non-monetized benefits and costs as required by OMB Circular A-4.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 127:* Two commenters stated that the USPTO does not need to engage in activities similar to state bars because either there is no similar activity at the USPTO, or such activities would be redundant with what is provided by state bars. Another commenter stated that state bar associations provide more distinct services to member attorneys than OED provides to patent practitioners.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. However, the USPTO engages in activities that are of concern to its stakeholders, who include patent practitioners. Activities provided by state bars are generally provided to attorneys registered with the state bar or to the clients of such attorneys. Most state bars do not provide patent agents access to such activities, as they are not registered with state bars. Thus, USPTO activities governed by this Final Rule address, in part, a gap in services to practitioners and their clients. Additionally, the USPTO provides free patent legal training to practitioners, a  service that is distinct to patent practitioners.

*Comment 128:* Two commenters inquired whether the USPTO should impose surcharges for *pro se* applicants due to the cost of examining *pro se* applications.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 129:* Two commenters stated that the USPTO has not provided an accounting of the costs of the services provided for by the proposed annual active patent practitioner fee and needs to do so. The commenter stated that without a detailed cost accounting, the annual active patent practitioner fee seems excessive to fund the current services provided by the OED, especially when considered as an increase to existing fees collected pursuant to 37 CFR 1.21(a)(1) ([https://www.ecfr.gov/current/title-37/section-1.21#p-1.21\(a\)\(1\)-\(10\)](https://www.ecfr.gov/current/title-37/section-1.21#p-1.21(a)(1)-(10))).

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 130:* Two commenters stated that OED has been in existence without the annual active patent practitioner fee and has never needed the annual active patent practitioner fee, unlike state bars, which are only funded by fee revenue from practicing attorneys. One of the commenters stated the USPTO must be able to certify that the requirement is “necessary for the proper performance of the functions of the agency.” 44 U.S.C. 3506(c)(3)(A) (<https://www.govinfo.gov/link/uscode/44/3506>). One of the commenters additionally stated that it is not a valid reason to impose the fee because other jurisdictions do so. One commenter requested that the USPTO provide a justification or reasoning for why establishing an annual active patent practitioner fee is being implemented now, when a similar proposal was made and not adopted in the 2000s.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 131:* Two commenters stated that ensuring the accuracy of OED's records can be accomplished by a periodic registration requirement that does not require a fee, and OED already has the authority under 37 CFR 11.11 (<https://www.ecfr.gov/current/title-37/section-11.11>) to conduct periodic surveys of registered practitioners, which would accomplish that goal.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. The USPTO must maintain accurate records regarding the patent practitioners who practice before it for the benefit and protection of the public. Patent practitioners are required under 37 CFR 11.11(a) ([https://www.ecfr.gov/current/title-37/section-11.11#p-11.11\(a\)](https://www.ecfr.gov/current/title-37/section-11.11#p-11.11(a))) to update their contact information within 30 days of the date such information changed; however, many fail to do so. This provision was in effect prior to this Final Rule and continues to be in effect. Patent practitioner surveys have been conducted in the past, and many patent practitioners have failed to respond at great expense to the public and the USPTO. Thus, under this Final Rule, OED will be able to maintain accurate records by having patent practitioners electronically submit registration statements on which practitioners will indicate whether they are currently in active status and list their current contact information.

*Comment 132:* One commenter requested that, regarding the CLE option, the Office state (1) whether the Office feels that there exist major deficiencies in the corpus of practitioners in its practice before the Office, (2) how CLE will solve these deficiencies, and (3) any other justification for requiring CLE.

*Response:* This Final Rule does not require practitioners to complete any CLE.

*Comment 133:* One commenter requested that the Office allow the requirement to take CLE to expire after one or two years if the benefits and goals of CLE are not attained.

*Response:* This Final Rule does not require patent practitioners to complete CLE courses. Thus, it is left up to the individual patent practitioner to evaluate the relative costs and benefits of taking CLE courses to improve his or her patent legal skills and/or obtain recognition in the online practitioner directory for completing CLE.

*Comment 134:* One commenter requested that the Office offer its own free CLE programs in an electronically accessible format, such as a web-based presentation, and ensure that such CLE programs complied with each state bar's CLE requirements (for those states requiring CLE).

*Response:* The Office currently offers free CLE programs that qualify for state bar credit in electronically accessible format. At present, they are available under the “Learning and Resources” tab on the *uspto.gov* web page. The Office will endeavor, where feasible, to structure programs that would meet both the requirements for USPTO CLE credit and the traditional requirements for CLE credit in other jurisdictions.

*Comment 135:* Two commenters requested that, prior to instituting the annual active patent practitioner fee and CLE option, the Office analyze the option under the PRA. The commenters specifically requested that the Office analyze the technical, administrative, and paperwork burden imposed, as well as the justifications for such burdens, and that the cost of the burdens would at least equal the benefits, and that the practitioner fee is the least costly way to achieve those benefits. Additionally, the commenters noted that the NPRM states that the information collection requirements were reviewed under OMB control nos. 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, but none of these appear to relate to annual active patent practitioner fees or CLE requirements. One of the commenters stated that such collection requirements should be reviewed under 0651–0012, “Admission to Practice and Roster of Registered Patent Attorneys and Agents.”

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 136:* One commenter inquired whether OED is prepared to qualify seminars in the same manner that state bar associations qualify seminars for both substantive and ethics-based CLE credits. The commenter inquired whether OED will submit the materials to all 50 states and the District of Columbia for certification. One commenter inquired as to whether, like state bars, the Office intends to charge institutions for offering CLE programs that are in compliance with the expectations and requirements of the Office for CLE certification.

*Response:* In the near future, the USPTO intends to issue proposed CLE guidelines, with a request for public comments on them. It is anticipated that the proposed guidelines will address issues including qualification of CLE programs. However, the Office will endeavor, where feasible, to structure programs it provides in accordance with the traditional requirements for CLE credit in other jurisdictions.

*Comment 137:* A few commenters requested that the Office identify the statutory authority allowing for defraying the patent-related costs of operating OED by imposition of an annual active patent practitioner fee, and also for the CLE requirement. One of the commenters states that the NPRM is not explicit about the basis for setting the fee but that it is suggested that it is  being set under the “Other fees” provisions of 35 U.S.C. 41(d)(2)(A) (<https://www.govinfo.gov/link/uscode/35/41>). The commenter requested the USPTO

explain how the proposed fees involve a service to the person being charged the fee in accordance with 31 U.S.C. 9701 (<https://www.govinfo.gov/link/uscode/31/9701>) (specifying that user fees must be set based on “the value of the service or thing to the recipient”). One of the commenters stated that section 10 of the AIA prohibits the creation of new fees, such as the annual active patent practitioner fee. One of the commenters opined that the annual active patent practitioner fee and CLE rules are not in compliance with E.O. 13771 (</executive-order/13771>) (Reducing Regulation and Controlling Regulatory Costs) (January 30, 2017). One of the other commenters opined that the Independent Offices Appropriations Act of 1952 (IOAA) prohibits fees for general operating costs and that the annual active patent practitioner fee does not meet the qualifications for a “transfer payment.”

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 138:* Two commenters requested clarification of the scope of acceptable patent and ethics CLE topics. One of these commenters inquired as to where CLE credit could be obtained, and the projected costs of attaining CLE credit. One commenter specifically inquired as to whether patent law and practice courses could include courses on estates and trusts, corporate regulation, and litigation-related topics, and whether ethics courses could include those related to substance abuse.

*Response:* In the near future, the USPTO intends to issue proposed CLE guidelines, along with a request for public comment on them. It is anticipated that the proposed guidelines will address the types of CLE courses that may qualify for recognition in the online practitioner directory. Generally, it is anticipated that a patent practitioner may obtain eligible patent CLE credit for courses or activities on any topic covered under 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))), including legal training which relates to: Preparation and prosecution of patent applications, patentability determinations and opinions, and drafting documents to be presented for any patent-related proceeding before the USPTO. Other topics that a practitioner may count toward the five patent CLE credits include PTAB proceedings and patent litigation. Any course or activity that is counted for ethics credit by any U.S. state or territorial bar, including those of which the practitioner is not a member, may be applied toward meeting the one hour of ethics CLE required for CLE recognition in the online practitioner directory.

*Comment 139:* One commenter requested clarification on whether CLE credit can be earned for giving presentations or writing an article or paper on CLE topics.

*Response:* In the near future, the USPTO intends to issue proposed CLE guidelines, along with a request for public comment on them. It is anticipated that the proposed guidelines will address the specific types of presentations or scholarly writing that may qualify for CLE credit that counts toward recognition in the online practitioner directory.

*Comment 140:* One commenter requested clarification on what is considered *pro bono* work for the purposes of CLE certification. The commenter additionally stated that *pro bono* service should not count towards any CLE requirement because the *pro bono* patent client, unlike other types of *pro bono* clients, is not facing an unaffordable hardship; rather, the client is seeking an alternate form of venture funding, and as a part of CLE, *pro bono* work does not enhance a practitioner's legal skills any more than work for hire. Another commenter stated that it is unclear how *pro bono* activities increase legal acumen in order for it to justify those activities counting as CLE credit in the CLE discount.

*Response:* The Final Rule provides 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 five credits in patent law and practice required for recognition in the online practitioner directory. Section 32 of the AIA calls on the USPTO to work with and support IP law associations to establish *pro bono* programs. A *pro bono* patent client is generally not accepted into the Patent Pro Bono Program unless their gross household income is less than three times the federal poverty level guidelines. Moreover, the Patent Pro Bono Program provides valuable learning opportunities for less experienced and experienced practitioners alike by providing volunteers the ability to obtain practical patent prosecution experience representing under-resourced inventors who would otherwise be unable to prosecute their patent applications. In addition, working with patent *pro bono* clients provides an opportunity to gain experience with clients who are less sophisticated in patent practice and procedure than typical corporate clients. Under the Final Rule, taking CLE courses or performing *pro bono* services as a part of the Patent Pro Bono Program by patent practitioners is not required. Information regarding the Patent Pro Bono Program is accessible at [www.uspto.gov/probonopatents](http://www.uspto.gov/probonopatents) (<http://www.uspto.gov/probonopatents>).

*Comment 141:* Two commenters questioned whether the Office will audit practitioners for CLE compliance if they certify they have completed CLE and, if so, what the statute of limitations on the audit will be. One commenter opined that there is no limitation specified in the NPRM, so a practitioner presumably must keep CLE records indefinitely until retirement.

*Response:* The Office does not plan to audit practitioners who certify they have completed CLE. If, however, a registered practitioner's CLE compliance comes into question as part of a grievance or a disciplinary investigation, then that practitioner may be called upon to provide records of CLE completion. In the near future, the USPTO intends to issue proposed CLE guidelines, with a request for public comment on them. The proposed CLE guidelines will address recommended standards of recordkeeping for practitioners who wish to certify completion of CLE and obtain recognition in the online practitioner directory.

*Comment 142:* One commenter requested clarification on whether the annual active patent practitioner fee would be due on different dates for each practitioner or by one date for all practitioners.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 143:* One commenter inquired whether the annual active patent practitioner fee could be paid and forms filled out by administrative assistants or if each attorney would have to complete some yet-to-be-designed electronic certification form.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. Correspondence with the Office must comply with the requirements of 37 CFR 1.4 (<https://www.ecfr.gov/current/title-37/section-1.4>).

*Comment 144:* One commenter inquired as to whether administratively suspended practitioners would be locked out of accessing their files in the PAIR system or in EFS-Web or both. □ Commenters also inquired whether a response or application filed during a period of non-compliance would be invalid and, if so, whether there would be a mechanism for retroactively validating the documents to prevent unintentional abandonment of applications or whether the remedy would be to file an expensive request for revival of an unintentionally abandoned application. Additionally, commenters questioned how administrative

suspension of a practitioner would affect clients' rights and whether prosecution by an inadvertently suspended practitioner would cause a patent resulting from that prosecution to be invalid or unenforceable. The commenter further stated that any such corrections would be administratively burdensome on the Office and the practitioner.

*Response:* Administratively suspended practitioners would not be able to access their USPTO online accounts and would be advised to contact OED to resolve the suspension. Thus, if administratively suspended, a practitioner would not be able to file documents electronically. Filing documents while administratively suspended may indicate the practitioner has engaged in the unauthorized practice of law. If an application were to go abandoned due to a practitioner's inability to file documents while administratively suspended, then revival of the application may be necessary under 37 CFR 1.137 (<https://www.ecfr.gov/current/title-37/section-1.137>). Invalidity and unenforceability of patents are matters determined by tribunals in particular litigations.

*Comment 145:* One commenter inquired as to what metrics indicate that the annual active patent practitioner fee would improve patent quality. Another commenter suggested that the USPTO's resources would be better spent in the interest of the patent community on issues that the USPTO is in the best position to address, such as assuring patent quality. Another commenter suggested that by practitioners passing the fee onto applicants, some applicants may reduce their reliance on patent practitioners, resulting in a decrease in patent quality.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 146:* One commenter requested an explanation of how the annual active patent practitioner fee was calculated.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 147:* Two commenters opined that the proposed \$70 fee charged of practitioners in voluntary inactive status is too high for maintaining a database and updating it once a year and that practitioners would not get a benefit equal to the fee. Two commenters do not support charging a voluntary inactive fee. One commenter stated that imposing an inactive patent practitioner fee is bad public policy because many semi-retired practitioners volunteer to mentor younger attorneys or to advise small businesses, and the fee would discourage semi-retired practitioners from staying active in the profession.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time. Accordingly, the USPTO also will not implement the proposed fee for patent practitioners in voluntary inactive status.

*Comment 148:* One commenter stated that the beneficiaries of the OED disciplinary system are the Office and patent applicants, not the registered practitioners.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the proposed annual active patent practitioner fee at this time.

*Comment 149:* One commenter stated that the USPTO argued to be an exception to the requirements of 5 U.S.C. 500(e) (<https://www.govinfo.gov/link/uscode/5/500>), not because of the need for a second disciplinary authority to regulate conduct, but by reasoning that the USPTO and patent applicants would be better served by placing additional skill requirements on patent practitioners. H.R. Rep. No. 1141, 89th Cong., 1st Sess. (1965), reprinted in 1965 U.S.C.C.A.N. 4170, 4172–74, 4176–77, 4179; William H. Sager & Leslie S. Shapiro, *Administrative Practice Before Federal Agencies*, 4 U. Rich. L. Rev. 76, 82 (1969).

*Response:* Pursuant to 35 U.S.C. 2(b) (<https://www.govinfo.gov/link/uscode/35/2>) and 35 U.S.C. 32 (<https://www.govinfo.gov/link/uscode/35/32>), the Office has statutory authority to promulgate regulations governing the conduct of patent practitioners and suspend or exclude them for misconduct.

*Comment 150:* One commenter stated that trademark attorneys should pay the same annual active patent practitioner fee that patent practitioners are being asked to pay because OED administers disciplinary proceedings against trademark attorneys.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

*Comment 151:* One commenter strongly supports an adequately and properly funded OED.

*Response:* The Office appreciates the comment. The patent fee adjustments in this Final Rule are intended to provide the Office with a sufficient amount of aggregate revenue to recover the aggregate cost of patent operations, including the costs of OED services related to patent matters.

*Comment 152:* One commenter stated that the annual active patent practitioner fee would provide increased funding to OED and would like to know what issues OED intends to address with the increased funding. The commenter also indicated that funding from the annual active patent practitioner fee should not be used to expand the role of OED *per se* to include any active investigation of practitioners that is not linked to a complaint or to a notification from a state bar association. The commenter also stated that since the annual active patent practitioner fee eliminates the need for the Office to perform surveys of practitioners, the cost of conducting the survey should be reflected as a savings to the Office and should be reflected in any cost accounting justifying the annual active patent practitioner fee.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

*Comment 153:* One commenter inquired whether OED could recover some of its funding by increasing the fees it already charges instead of charging the annual active patent practitioner fee. The commenter gave examples of an application fee for admission to the examination for registration, a fee for administering the registration examination, and a fee for recognition or registration after disbarment or suspension on ethical grounds.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time. In addition, the fees cited by the commenter are enrollment fees, which are only being adjusted by the approximately 5 percent across-the-board adjustment to patent fees. A larger targeted adjustment of enrollment fees went into effect in the January 2018 Final Rule.

*Comment 154:* One commenter requested that the USPTO address the specific OED services and other services that will be funded by the annual active  patent practitioner fee and how the collected funds will be applied to those services.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

*Comment 155:* One commenter stated that the Office estimates that the annual active patent practitioner fee will raise \$10–\$11 million per year and that this amount seems excessive to fund the patent-related services provided by the OED, especially when considered as an increase to the existing fees collected pursuant to 37 CFR 1.21(a)(1) ([https://www.ecfr.gov/current/title-37/section-1.21#p-1.21\(a\)\(1\)-\(10\)](https://www.ecfr.gov/current/title-37/section-1.21#p-1.21(a)(1)-(10))).

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

*Comment 156:* Two commenters requested details on the expenses for the Law School Clinic Certification Program and the Patent Pro Bono Program and on how the funds from the annual active patent practitioner fee will be applied to these expenses.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

*Comment 157:* One commenter stated that funds collected from the annual active patent practitioner fee will be used both for existing OED programs and to implement new programs and inquired to what extent would the expense of administrating the annual active patent practitioner fee take resources away from other programs.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

*Comment 158:* Two commenters welcomed the provision in the NPRM that states that only practitioners who have been resigned for more than two years would need to retake the registration exam.

*Response:* As noted in the comment, the Final Rule eliminates the requirement that a registered practitioner who is administratively suspended for more than two years take and pass the registration examination in order to be reinstated. Under the Final Rule, resigned practitioners will only have to retake and pass the registration examination if they have been resigned for more than five years and cannot provide other objective evidence that they continue to possess the necessary legal qualifications to render valuable service to patent applicants.

*Comment 159:* One commenter stated that many practitioners will forego the CLE discount in order to avoid determining how to comply and document CLE compliance.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time and thus, there is no CLE discount in this Final Rule.

*Comment 160:* One commenter questioned what the consequences would be for a CLE certification that does not meet OED's standards and how disagreements regarding the challenged certification would be resolved.



*Response:* Practitioners will self-certify their completion of six credits of CLE, including five credits of CLE in patent law and practice and one credit of CLE in ethics. In the near future, the Office plans to issue proposed CLE guidelines, with a request for public comment on them that will address what types of CLE may qualify for CLE recognition. OED does not intend to audit practitioners who certify completion of CLE or review whether courses completed by a practitioner who certified completion of CLE in fact qualify for the certification. It is anticipated that such review would only take place for cases in which OED receives a grievance alleging that a patent practitioner falsely or fraudulently certified completion of CLE or where the submission was obviously noncompliant. Registered patent practitioners and those granted limited recognition to practice before the Office in patent matters are subject to the USPTO Rules of Professional Conduct, including 37 CFR 11.804(c) ([https://www.ecfr.gov/current/title-37/section-11.804#p-11.804\(c\)](https://www.ecfr.gov/current/title-37/section-11.804#p-11.804(c))), which prohibits conduct that involves dishonesty, fraud, deceit, or misrepresentation.

*Comment 161:* One commenter questioned what effect an invalid CLE certification would have on patent validity or enforceability.

*Response:* It appears that the comment anticipates a scenario in which a patent practitioner claims the CLE credit but is subsequently found not to have satisfied the requirements for claiming the credit. Under the Final Rule, a practitioner may certify completion of CLE in order to obtain recognition in the online patent practitioner directory. No administrative suspension would result from an “invalid” or mistaken CLE certification. Thus, it is not anticipated that an “invalid” or mistaken CLE certification would affect patent validity or enforceability.

*Comment 162:* One commenter inquired how the regulatory and compliance costs of the CLE discount will affect the annual active patent practitioner fee. One commenter was concerned that the Office will use oversight of the CLE certification as justification for the annual active patent practitioner fee and any future increases thereto.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

*Comment 163:* One commenter is concerned that the Office's proposed model of three hours of *pro bono* service to obtain one hour of CLE credit does not sufficiently reflect the importance and value of *pro bono* service and recommends providing one hour of CLE credit for each hour of *pro bono* service in the USPTO Patent Pro Bono Program.

*Response:* This comment has not been adopted. According to the Standing Committee on Pro Bono & Public Service of the American Bar Association, of the states that offer CLE credit for *pro bono* service, the most common rate that is used for earning such credits is five hours of service for each CLE credit. No state offers one hour of CLE credit for each hour of *pro bono* service. Thus, one hour of CLE credit for every three hours of *pro bono* service is generally above the amount of CLE credit that states offer for *pro bono* service. In the near future, the USPTO intends to issue proposed CLE guidelines, with a request for public comments on them.

*Comment 164:* One commenter stated that requiring a practitioner to retake the registration examination for failure to update their information with OED is equivalent to the penalty of disbarment and therefore grossly disproportionate to the offense. Instead, the commenter requests that the penalty for failing to update contact information be an extra charge to reinstate, based on the back fees missed and extra administration costs incurred.

*Response:* Administratively suspended practitioners will only have to retake the examination if they have been suspended for more than five years and cannot provide other objective evidence that they continue to possess the necessary legal qualifications to render valuable service to patent applicants.

## LEGAL CONSIDERATIONS

*Comment 165:* One commenter stated that RCE fees are governed by the IOAA, except for the one requirement that is carved out by section 10 of the AIA. Thus, the USPTO may charge actual cost, plus a proportional share of □ general administrative costs, reduced by a proportional share of issue and maintenance fees, but no more than that. The excess charge for second and subsequent RCEs is unlawful.

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*Response:* The IOAA provides federal agencies the authority to charge user fees where the agencies do not have their own specific statutory authority to charge fees. Fees collected under the IOAA are deposited in the general fund of the U.S. Treasury and not available to the charging agency for its use. OMB Circular A–25, User Charges, provides guidance on IOAA authority. This has no relevance to the fee setting authority provided to the USPTO, as the USPTO has specific statutory authority to charge fees under title 35 of the U.S.C. and the Trademark Act of 1946. The USPTO further has specific authority to set and adjust those fees as in the current rulemaking under section 10 of the AIA. Fees collected by the USPTO are made available to the USPTO through annual appropriations and are available to use for the activities that generated the fee (patent and trademark examination and proportionate administrative expenses). The general authority described in the IOAA and OMB Circular A–25 is not relevant to the USPTO's specific fee setting authority.

*Comment 166:* One commenter disagreed with the RIA regarding the annual active patent practitioner fee and non-DOCX surcharge fee. The commenter stated that the point of the rule is to raise fees and disagreed with findings of “No identified costs.” The commenter suggested comment letters sent to PPAC identified substantial costs to the public for the annual active patent practitioner fee and non-DOCX surcharge fee. The commenter further wrote that the OMB's Implementing Guidance puts the annual active patent practitioner fee and non-DOCX surcharge fee within the scope of E.O. 13771 (/executive-order/13771), which states: “Regulatory actions [that] impose requirements apart from transfers . . . need to be offset to the extent they impose more than *de minimis* costs.”

*Response:* Guidance in OMB Circular A–4, Regulatory Analysis, and concerning RIAs provides that fees to government agencies for goods or services are considered transfer payments. The fee adjustments concern increases of fees for USPTO services, which are transfers, not costs. The non-DOCX surcharge fee is based on the services provided by the USPTO to patent applicants and, consequently, qualifies as a transfer payment under OMB's guidance. As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

*Comment 167:* One commenter stated that the legislative history of the AIA makes abundantly clear that the USPTO may not use fee setting as a policy lever. Fee setting may only be used to recover aggregate costs. The commenter further stated that the U.S. Constitution denies agencies the authority to set fees for anything other than cost recovery—setting fee levels to “encourage or discourage” is a “tax”; agencies do not have the authority to tax, and, therefore, fees being set to incentivize, disincentivize, and “to facilitate the effective administration of the patent and trademark systems,” are not within the statutory authority of the USPTO.

*Response:* The AIA permits individual patent fees to be set or adjusted to encourage or discourage particular services, so long as the aggregate revenues for all patent fees recover the aggregate costs of the patent operation. The comment would read into the AIA limitations that do not exist and that are inconsistent with

the AIA.

*Comment 168:* One commenter wanted to know why the USPTO has never issued any legal analysis of the AIA's legislative history. The commenter cited two examples: The removal of “notwithstanding the fee amounts established or charged” from the AIA and the discussion in the House report (H.R. Rep. No. 112–98), and the effect of the word “only” in the phrase “only to recover the aggregate estimated costs.” The commenter believed the legislative history makes clear that Congress intended “only” to apply to purpose as well as amount.

*Response:* A legal analysis of legislative history is unnecessary in light of the plain language of the AIA, which permits individual patent fees to be set or adjusted to encourage or discourage particular services, so long as the aggregate revenues for all patent fees recover the aggregate costs of the patent operation.

*Comment 169:* One commenter expressed that the fee setting efforts of the USPTO are unconstitutional because the U.S. Constitution denies agencies the authority to set fees for anything other than cost recovery—setting fee levels to “encourage or discourage” behavior is a “tax,” and agencies do not have the authority to tax ( *see* §§ I.B.1 and I.C). Even with authority under the AIA, the USPTO may not “adjust assessments to encourage or discourage a particular activity” because the U.S. Constitution provides that the power to “lay and collect taxes” lies with the U.S. Congress, not the executive branch.

*Response:* Patent fees are paid for receiving and maintaining a patent grant. Courts have held that the payment of such fees should not be viewed as taxes but rather payments for a service.

*Comment 170:* One commenter wrote that the USPTO may not create new fees where no fees are “established, authorized, or charged” in title 35 and there is no affirmative material, service, or processing provided. Similarly, the commenter wrote that the USPTO may not re-allocate fees among the categories specified in § 41; new fees may be created only where the USPTO has a specific statutory authorization ( *see* § I.B.2).

*Response:* The AIA permits individual patent fees to be set or adjusted to encourage or discourage particular services, so long as the aggregate revenues for all patent fees recover the aggregate costs of the patent operation. The comment would read into the AIA limitations that do not exist and that are inconsistent with the AIA.

*Comment 171:* One commenter stated that this rulemaking exceeds the authority of the USPTO because it overrides a policy decision made by the U.S. Congress in favor of something the USPTO prefers. The commenter contended the U.S. Congress made a policy choice: Initial filings should be cross-subsidized by maintenance fees at approximately 50 percent. The U.S. Congress (by inference) felt it important to encourage filing and allow successful patentees to cross-subsidize filing. The commenter also felt the USPTO is exceeding its authority because it is second-guessing the U.S. Congress's policy balances encoded in the appeal fee line. The commenter suggested this rulemaking relies on “factors which Congress has not intended [the agency] to consider,” making it an arbitrary and capricious agency action under the APA. The commenter believed the USPTO departed from the intent of the U.S. Congress in 2013 and should revert to the pre-2013 fee structure.

*Response:* The USPTO has specific statutory authority to charge fees under title 35 of the U.S.C. and the Trademark Act of 1946. The USPTO further has specific authority to set and adjust those fees as in this Final Rule under section 10 of the AIA. The AIA permits individual patent fees to be set or adjusted to encourage

or discourage particular services, so long as the aggregate revenues for all patent fees recover the aggregate costs of the patent operation. However, the USPTO notes that the adjustments to the fee schedule  do not significantly impact the balance between front-end and back-end fees.

*Comment 172:* One commenter agreed in principle with the operating reserve of the USPTO but saw no statutory authorization for it. The commenter contended the operating reserve is not fairly within the text of section 10 of the AIA, which limits USPTO fee collections to “only” aggregate costs.

*Response:* The AIA permits individual patent fees to be set or adjusted to encourage or discourage particular services, so long as the aggregate revenues for all patent fees recover the aggregate costs of the patent operation. One of these aggregate costs is the growth of an operating reserve to allow effective management of the U.S. patent system and responsiveness to changes in the economy, unanticipated production workload, and revenue changes, while maintaining operations and effectuating long-term strategies.

*Comment 173:* One commenter stated that the NPRM for this rulemaking ignores the IOAA and OMB Circular A–25, which are the general framework statute and Presidential interpretation, respectively, for agencies that charge user fees. The commenter claimed the IOAA limits user fees to cover services to a specific “identifiable recipient,” at the cost of providing that service or the value to the recipient, but may not recover agency general operating costs. The commenter also stated that fees without statutory grounding are not within section 10 of the AIA and thus are either barred outright or are subject to the constraints of the IOAA. The commenter suggested that relevant Supreme Court and D.C. Circuit case law holdings—especially *Seafarers International Union of North America v. U.S. Coast Guard*, 81 F.3d 179, 183 (D.C. Cir. 1996)—are opposite to the position the USPTO takes in the NPRM.

*Response:* The IOAA provides federal agencies the authority to charge user fees where the agencies do not have their own specific statutory authority to charge fees. Fees collected under the IOAA are deposited in the general fund of the U.S. Treasury and not available to the charging agency for its use. OMB Circular A–25 provides guidance on IOAA authority. This has no relevance to the fee setting authority of the USPTO, as the USPTO has specific statutory authority to charge fees under title 35 of the U.S.C. and the Trademark Act of 1946. The USPTO further has specific authority to set and adjust those fees as in this Final Rule under section 10 of the AIA. Fees collected by the USPTO are made available to the USPTO through annual appropriations and are available to use for the activities that generated the fee (patent and trademark services and proportionate administrative expenses). The general authority described in the IOAA and OMB Circular A–25 is not relevant to the USPTO’s specific fee setting authority.

*Comment 174:* One commenter expressed that a change undertaken in a previous rulemaking, changing “notice of appeal” and “filing a brief in support of an appeal” of § 41(a)(6), was unlawfully restructured into “notice of appeal” and “forwarding an appeal to the Board” as in 37 CFR 41.20(b)(1) ([https://www.ecfr.gov/current/title-37/section-41.20#p-41.20\(b\)\(1\)](https://www.ecfr.gov/current/title-37/section-41.20#p-41.20(b)(1))) and (4) ([https://www.ecfr.gov/current/title-37/section-41.20#p-41.20\(b\)\(4\)](https://www.ecfr.gov/current/title-37/section-41.20#p-41.20(b)(4))).

*Response:* The USPTO has specific authority to set and adjust fees, as in the current rulemaking, under section 10 of the AIA. The AIA permits individual patent fees to be set or adjusted so long as the aggregate revenues for all patent fees recover the aggregate costs of the patent operation.

*Comment 175:* One commenter wrote that section 1(b)(2) of E.O. 12866 requires the USPTO to “examine whether existing regulations (or other law) have created, or contributed to, the problem that a new regulation is intended to correct.” Most of the policy goals of the fee schedule could be addressed by internal reforms to

reduce costs, as an alternative to raised fees. For example, internal USPTO processes and incentives could be restructured to reduce costs to the USPTO and applicants. The commenter contends that the NPRM identifies no exemption from E.O. 12866 that permits the USPTO to forego this examination.

*Response:* The USPTO is in compliance with all procedural and analytical requirements of E.O. 12866. The USPTO identified no existing regulation that created or contributed to the need for this Final Rule. In this Final Rule, the USPTO is not creating any new regulation. Rather, the USPTO is setting and adjusting patent fees based on assumptions found in the FY 2020 Budget in order to recover the aggregate cost of patent operations in future years and to allow the Office to continue progress towards achieving strategic goals. Also, contrary to the assertion made in the comment, the Office is constantly considering its operations, policies, and processes to identify ways to improve its operations. As an example, the Office recently issued a Notice of Proposed Rulemaking, Removal of Regulations Governing Requests for Presidential Proclamations under the Semiconductor Chip Protection Act of 1984 and Certain Rules of Practice Relating to Registration to Practice and Discipline, 84 FR 64800 (/citation/84-FR-64800) (November 25, 2019), that eliminated unnecessary regulations. To support this regulatory reform effort, the Office assembled a working group consisting of subject-matter experts from each of the business units that implement the Office's regulations. The working group considered, reviewed, and recommended ways that the regulations could be improved, revised, and streamlined so as to improve the operation of the Office. The working group reviewed existing regulations, both discretionary rules and those required by statute or judicial order. The USPTO also solicited comments from stakeholders through a web page established to provide information on the USPTO's regulatory reform efforts. These efforts led to the development of candidate regulations for removal, based on the USPTO's assessment that these regulations were not needed and/or that elimination could improve the USPTO's body of regulations. As an additional example, the Office recently implemented adjustments to examination time to improve the examination process and examination quality. These time adjustments include increasing baseline examination time and providing additional examination time based on newly developed application attributes, such as the number of claims, size of the specification, number of pages of prior art citations submitted, etc. Additional examples of how the USPTO is constantly taking steps to improve processes, increase efficiency, and reduce costs, for both applicants and the USPTO, include our international cooperation programs, such as the Electronic Priority Document Exchange Program and the Global Dossier Program. Furthermore, efficiencies and cost savings have been realized as a result of the USPTO implementing ePetitions and the Access to Relevant Prior Art Initiative.

*Comment 176:* One commenter stated section 1(b)(2) of E.O. 12866 directs agencies to “examine whether existing regulations (or other law) have created, or contributed to, the problem that a new regulation is intended to correct.” In 2012, the USPTO requested comment on RCE practice. Several of the comment letters noted that, at least in part, extended RCE practice was driven by a breakdown of “compact prosecution”—Office actions were less complete, less careful, and less responsive to applicants' arguments. The commenter observed no effort by the USPTO to address its “existing regulation” half of the problem—for example, the USPTO has not recalibrated the count system to remove □ incentives for gaming by examiners or provided sound supervision to ensure completeness of Office actions. E.O. 12866 suggests that it is inappropriate to shift costs to the public for a failure of the USPTO to implement its own self-regulatory obligations.

*Response:* In this Final Rule, the USPTO is not creating any new regulations; rather, the USPTO is setting and adjusting patent fees in order to recover its increasing aggregate costs. Contrary to the position set forth in the comments, the Office is not shifting costs to the public. Since 2012, the Office has made considerable efforts to improve patent quality, including establishing the Office of the Deputy Commissioner for Patent

Quality (DCPQ) within the Patents organization. The DCPQ is responsible for optimizing the quality of patent products, processes, and services to build a culture of process improvement and enhanced patent quality for the Patents organization. In addition to establishing this new office within the Patents organization, patent examiners have received extensive training on how to improve the quality of their Office actions. These trainings include a three-part training on how to evaluate, analyze, and respond to arguments presented by applicants. They also include training on interpreting claims, establishing a clear prosecution record in an application, and writing proper reasons for allowance. Also, contrary to the comments, the Office recently implemented adjustments to examination time to improve the examination process and examination quality. These time adjustments include increasing baseline examination time and providing additional examination time based on newly developed application attributes, such as the number of claims, size of specification, number of pages of prior art citations submitted, etc.

*Comment 177:* One commenter stated that the USPTO did not meet its rulemaking obligation to disclose rationale. The commenter contended that even if there is a sound cause-and-effect relationship between the proposal and the asserted benefits, it is not explained in the NPRM, making it arbitrary and capricious under the APA.

*Response:* The Office disagrees that it failed to disclose the rationale for the rulemaking or that the rulemaking is arbitrary and capricious under the APA. The preamble and regulatory text clearly set forth the new costs and explain the rationale for each change in compliance with the requirements of the APA.

*Comment 178:* One commenter disagreed with the finding that this rulemaking is a “transfer payment from one group to another.” The commenter wrote that the definition of “transfer payment” is in OMB Circular A–4 and the original definition involved cash payments to private sector actors, and the definition has grown to cover other direct cash transfers among private sector entities. The commenter continued that the NPRM calls for funds to be paid from private sector persons to government for government consumption and discusses no monetary payout to any private sector party.

*Response:* Guidance in OMB Circular A–4 and concerning RIAs provides that fees to government agencies for goods or services are considered transfer payments. The fee adjustments concern increases of fees for USPTO services, which are transfers, not costs. Pursuant to the requirements of E.O. 12886, the USPTO submitted both the NPRM and RIA to the OMB for review prior to publication. The OMB determined that this rulemaking consisted entirely of transfer payments from one group to another, as defined in OMB Circular A–4.

*Comment 179:* One commenter wondered why there was not an analysis of raising all fees proportionally from the baseline set by Congress, with deviations only where the USPTO has specific data to support a deviation. The commenter contended that this analysis is required by statute and the U.S. Constitution.

*Response:* The alternatives considered in the RIA are reasonable alternatives that are consistent with guidance in OMB Circular A–4. Among the alternatives considered was an across-the-board adjustment to the current baseline fee schedule.

*Comment 180:* One commenter stated the RIA accompanying the NPRM only considers non-starter alternatives like not raising fees at all, setting all fees at actual cost, and applying only an inflation adjustment. The commenter contended these are unrealistic strawmen, against which the USPTO's preferred

alternative appears favorable. Considering only unrealistic strawmen as “alternatives” is not compliant with the USPTO's obligations under the letter of the law and cannot be reconciled with the “regulatory philosophy” or spirit of the law. Artificially narrowing the options is arbitrary and capricious per se.

*Response:* The alternatives considered in the RIA are reasonable alternatives that are consistent with guidance in OMB Circular A-4.

*Comment 181:* One commenter questioned why there was no analysis of the proportional lockstep fee hike relative to § 41 as a baseline.

*Response:* Among the alternatives considered in the RIA is a lockstep, across-the-board adjustment to the current baseline fee schedule.

*Comment 182:* One commenter stated that the USPTO may not set fees without a benefit-cost analysis under the PRA and E.O. 12866—for example, the USPTO may not reduce its own costs if that would increase costs on the public disproportionately ( see § I.F).

*Response:* The USPTO must comply with all rulemaking requirements when setting fees using the authority provided by section 10 of the AIA. As demonstrated in the Rulemaking Considerations section of this Final Rule, and in this rulemaking as a whole, the USPTO has complied with these requirements.

*Comment 183:* One commenter expressed that several components of this rulemaking implicate the PRA ( e.g., the DOCX proposal and the annual active patent practitioner fee). The NPRM asserts that the USPTO has obtained PRA clearance, but the commenter contends this assertion is false, and the USPTO has never even applied for clearance.

*Response:* The USPTO must comply with the PRA in setting fees using the authority provided by section 10 of the AIA. The USPTO has filed with the OMB a worksheet addressing costs in compliance with the requirement of the statute.

*Comment 184:* One commenter claimed the USPTO has made no filing seeking any substantive change to 0651-0012 since 2014.

*Response:* The USPTO has complied with the PRA in considering the paperwork burdens associated with this Final Rule. The USPTO has previously received OMB approval for associated burdens and submitted additional statements to address revisions.

## VII. Discussion of Specific Rules

The following section shows the Code of Federal Regulations (CFR) for all fees set or adjusted in this Final Rule. The discussion below includes all fee amendments, all fee discontinuations, and all changes to the CFR text.

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

*Section 1.16:* Section 1.16 is 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 11.

Table 11—CFR Section 1.16 Fee Changes



CFR section	Fee code	Description	Current fees (dollars)			Final rule fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.16(a)	1011/2011/3011	Basic filing fee—Utility (paper filing also requires non-electronic filing fee under 1.16(t))	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	Each independent claim in excess of three	460	230	115	480	240	120
1.16(h)	1204/2204/3204	Each reissue independent claim 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 or Reissue (Design CPA) Search Fee	660	330	165	700	350	175
1.16(o)	1311/2311/3311	Utility Examination Fee	760	380	190	800	400	200

CFR section	Fee code	Description	Current fees (dollars)			Final rule fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.16(p)	1312/2312/3312	Design Examination Fee or Design CPA Examination Fee	600	300	150	640	320	160
1.16(q)	1313/2313/3313	Plant Examination Fee	620	310	155	660	330	165
1.16(r)	1314/2314/3314	Reissue Examination Fee or Reissue (Design CPA) 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 amended by revising paragraphs (a), (c) through (g), (i)(2), (k), (m), (p), (q), (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 12. In this Final Rule, an existing fee code has been added to Table 12 for the petition for the extension of the twelve-month (six-month for designs) period for filing a subsequent application. This is not a new fee code created in this rule; rather, it reflects existing practice. In this section, table headers were added to make formatting consistent.

Table 12—CFR Section 1.17 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Final rule (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 requests ( <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> ))	1,900	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

CFR section	Fee code	Description	Current fees (dollars)			Final rule (dollars)	
			Large	Small	Micro	Large	Small
1.17(i) (2)	1808/2808/3808	Other publication processing fee	130	130	130	140	140
1.17(k)	1802/2802/3802	Request for expedited examination of a design application	900	450	225	1,600	800
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(m)	1628/2628/3628	Petition for the extension of the twelve-month (six-month for designs) period for filing a subsequent application	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 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 13.

Table 13—CFR Section 1.18 Fee Changes



CFR section	Fee code	Description	Current fees (dollars)			Final rule 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 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 14.

Table 14—CFR Section 1.19 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Final rule 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	discontinued	discontinued	discontinued
1.19(k)	8058	Copy of U.S. patent custom data extracts	100	100	100	discontinued	discontinued	discontinued
1.19(l)	8059	Copy of selected technology reports, miscellaneous technology areas	30	30	30	discontinued	discontinued	discontinued

*Section 1.20:* Section 1.20 is revised to set forth post-issuance fees as authorized under section 10 of the Act. In this section, (c)(5) through (7) are being reinstated due to an inadvertent deletion. The changes to the fee amounts indicated in § 1.20 are shown in Table 15. □

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Table 15—CFR Section 1.20 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Final rule (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)) Streamlined	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)) Non-streamlined	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	Each reexamination independent claim 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) (6)	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
1.20(h)	1555/2555/3555	Surcharge—7.5 year—Late payment within 6 months	160	80	40	500	250

CFR section	Fee code	Description	Current fees (dollars)			Final rule (dollars)	
			Large	Small	Micro	Large	Small
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 amended by adding paragraph (a)(8) and revising paragraphs (a)(1), (2), and (5), (9)(ii), (10); (k); (n); (o); and (q) to set forth miscellaneous fees and charges as authorized under section 10 of the Act. Section 1.21(a)(6)(i) is being revised to remove and reserve the fee for the USPTO-assisted recovery of ID or reset of password for the Office of Enrollment and Discipline Information System. The changes to the fee amounts indicated in § 1.21 are shown in Table 16.

The USPTO amends paragraph (o) of § 1.21 to clarify the applicability of its provisions. The USPTO specifies that the mega-sequence listing fee applies to an application filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>) or 371 (<https://www.govinfo.gov/link/uscode/35/371>) to clarify that the fee applies to both provisional and nonprovisional applications filed under 35 U.S.C. 111 (<https://www.govinfo.gov/link/uscode/35/111>), as well as to national stage applications under 35 U.S.C. 371 (<https://www.govinfo.gov/link/uscode/35/371>). The fee does not apply to international applications filed with the U.S. Receiving Office (RO/US) that do not enter the U.S. national stage under 35 U.S.C. 371 (<https://www.govinfo.gov/link/uscode/35/371>). Furthermore, the rule clarifies that it is the receipt by the Office of a mega-sequence listing in an application that is subject to the fee. 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. Thus, the clarification makes clear that the mega-sequence listing fee applies to such receipt. The USPTO further clarifies that the fee applies to only the first receipt of a sequence listing in electronic form having a size ranging from 300MB to 800MB and to the first receipt of a sequence listing in electronic form having a size over 800MB. 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 300MB and 800MB and a replacement sequence listing is greater than 800MB). Finally, the USPTO specifies 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 16—CFR Section 1.21 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Final rule fees (dollars)		
			Large	Small	Micro	Large	Small	Mi
1.21(a)(1)(i)	9001	Application fee (non-refundable)	100	100	100	110	110	
1.21(a)(1)(ii)(A)	9010	For test administration by commercial entity	200	200	200	210	210	
1.21(a)(1)(ii)(B)	9011	For test administration by the USPTO	450	450	450	470	470	
1.21(a)(1)(iii)	9029	For USPTO-administered review of registration examination	450	450	450	470	470	
1.21(a)(2)(i)	9003	On registration to practice under § 11.6	200	200	200	210	210	
1.21(a)(2)(ii)	9026	On grant of limited recognition under § 11.9(b)	200	200	200	210	210	
1.21(a)(2)(iii)	9025	On change of registration from agent to attorney	100	100	100	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	

CFR section	Fee code	Description	Current fees (dollars)			Final rule fees (dollars)		
			Large	Small	Micro	Large	Small	Mi
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	
1.21(a) (6)(i)	9027	For USPTO-assisted recovery of ID or reset of password for the Office of Enrollment and Discipline Information System	70	70	70	discontinued	discontinued	discor
1.21(a) (9)(ii)	9004	Administrative reinstatement fee	200	200	200	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	
1.21(k)	9024	Unspecified other services, excluding labor	AT COST	AT COST	AT COST	AT COST	AT COST	AT
1.21(n)	8026	Handling fee for incomplete or improper application	130	130	130	140	140	

CFR section	Fee code	Description	Current fees (dollars)			Final rule fees (dollars)		
			Large	Small	Micro	Large	Small	Mi
1.21(o) (1)	1091/2091/3091	Submission of sequence listings of 300MB to 800MB	1,000	500	250	1,060	530	
1.21(o) (2)	1092/2092/3092	Submission of sequence listings of more than 800MB	10,000	5,000	2,500	10,500	5,250	
1.21(q)	8054	Additional fee for expedited service	160	160	160	170	170	

*Section 1.27:* Section 1.27 is amended by revising the introductory text of paragraph (c)(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 change to § 1.27(c)(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 amended by revising paragraph (c) to remove the 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 added to § 1.445, as that provision concerns international application filing, processing, and search fees.

*Section 1.445:* Section 1.445 is amended by revising paragraph (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 17. Section 1.445(a) is also amended to include the late payment fee pursuant to PCT Rule 16 *bis.* 2. *See* discussion of § 1.431, *supra*.

Table 17—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)	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 13 <i>ter</i>	300	150	75	4



*Section 1.482:* Section 1.482 is amended by revising paragraphs (a) through (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 18.

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Table 18—CFR Section 1.482 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Final rule 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)	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 13 <i>ter</i>	300	150	75	320	160	80

*Section 1.492:* Section 1.492 is 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 19. In this section, table headers were added to make formatting consistent.

Table 19—CFR Section 1.492 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Final rule fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
1.492(a)	1631/2631/3631	Basic National Stage Fee	300	150	75	320	160	80
1.492(b) (3)	1642/2642/3642	National Stage Search Fee—search report prepared and provided to USPTO	520	260	130	540	270	135
1.492(b) (4)	1632/2632/3632	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	Each independent claim in excess of three	460	230	115	480	240	120
1.492(f)	1616/2616/3616	Multiple dependent claim	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 11.11:* The USPTO amends paragraph (a)(1) to provide that the OED director may publish a practitioner's CLE certification status. Paragraph (a)(1) has also been amended to require that persons granted limited recognition pursuant to § 11.9 provide the contact information listed in § 11.11(a)(1).

The USPTO amends paragraph (a)(2) to provide that registered practitioners and persons granted limited recognition under § 11.9(b) are required to biennially file a registration statement. It further provides that failure to file the mandatory registration statement may result in administrative suspension as set forth in § 11.11(b).

The USPTO adds paragraph (a)(3) to § 11.11 to provide that registered practitioners and persons granted limited recognition under § 11.9(b) may certify to the OED director that they have completed six credits of CLE in the preceding 24 months, with five of the credits in patent law and practice and one of the credits in ethics.

The USPTO amends paragraph (b)(1) in § 11.11 to apply to those failing to comply with § 11.11(a)(2), which refers to the registration statement.

The USPTO amends paragraph (e) in § 11.11 to provide that resigned practitioners are subject to investigation for their conduct that occurred prior to, during, or after the period of their resignation.

The USPTO amends paragraph (f)(1) in § 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 valuable service to patent applicants.

The USPTO adds paragraph (f)(3) to § 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.

*Section 41.20:* Section 41.20 is amended by revising paragraphs (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 20.

Table 20—CFR Section 41.20 Fee Changes



CFR section	Fee code	Description	Current fees (dollars)			Final rule (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 amended by revising paragraphs (a) through (e) to set forth the *inter partes* review and post-grant review or covered business method patent review fees as authorized under section 10 of the Act. The changes to the fee amounts indicated in § 42.15 are shown in Table 21.

Table 21—CFR Section 42.15 Fee Changes

CFR section	Fee code	Description	Current fees (dollars)			Final rule 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	19,000	19,000	19,000
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	22,500	22,500	22,500
42.15(a) (3)	1407	<i>Inter partes</i> review request of each claim in excess of 20	300	300	300	375	375	375
42.15(a) (4)	1415	<i>Inter partes</i> post-institution request 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	Post-grant or covered business method review request of each claim in excess of 20	375	375	375	475	475	475
42.15(b) (4)	1417	Post-grant or covered business method review post-institution request 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

CFR section	Fee code	Description	Current fees (dollars)			Final rule fees (dollars)		
			Large	Small	Micro	Large	Small	Micro
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	<i>Pro hac vice</i> admission fee	n/a	n/a	n/a	250	250	250

## VIII. Rulemaking Considerations

### A. AIA: America Invents Act

This Final Rule sets and adjusts 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 of the AIA 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 no 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 them 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/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>). 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 the hearing and made all comments available to the public via the Fee Setting website, <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>). 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 the NPRM on July 31, 2019 (84 FR 37398 (/citation/84-FR-37398)). The NPRM comment period

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closed on September 30, 2019. 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 USPTO at least 45 days before the final fees become effective. Pursuant to this requirement, this rule is effective on [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE **Federal Register** ], except for the amendment to § 1.16(u), which is effective on January 1, 2022.

## **B. Regulatory Flexibility Act**

The USPTO publishes this Final Regulatory Flexibility Analysis (FRFA) 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 of the Office's rule to implement the fee setting provisions of the Leahy-Smith America Invents Act (Pub. L. 112–29 (<https://www.govinfo.gov/link/plaw/112/public/29>), 125 Stat. 284) (AIA or the Act) on small entities. 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 agency must prepare and make available for public comment an Initial Regulatory Flexibility Analysis (IRFA), unless the agency certifies under 5 U.S.C. 605(b) (<https://www.govinfo.gov/link/uscode/5/605>) that the rule, if implemented, will not have a significant impact on a substantial number of small entities (5 U.S.C. 603 (<https://www.govinfo.gov/link/uscode/5/603>), 605 (<https://www.govinfo.gov/link/uscode/5/605>)). The Office published an IRFA, along with the NPRM, on July 31, 2019 (84 FR 37398 (/citation/84-FR-37398)). Given that the final patent fee schedule, based on the assumptions found in the FY 2021 Budget, is projected to result in \$1.2 billion in additional aggregate revenue over the current fee schedule (baseline) for the period including FY 2020 to FY 2024, the Office acknowledges that the fee adjustments will impact all entities seeking patent protection. The \$1,205.1 million in additional aggregate revenue results from an additional \$267.9 million in FY 2020, \$39.1 million in FY 2021, \$293.7 million in FY 2022, \$297.8 million in FY 2023, and \$306.7 million in FY 2024.

Items 1–6 below discuss the five items specified in 5 U.S.C. 604(a)(1)–(6) (<https://www.govinfo.gov/link/uscode/5/604>) to be addressed in an FRFA. Item 6 below discusses alternatives to this proposal that the Office considered.

### **1. A STATEMENT OF THE NEED FOR, AND OBJECTIVES OF, THE RULE**

Section 10 of the AIA, as amended by the 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. The objective of the final patent fee schedule is for patent fees to recover the aggregate cost of patent operations, including administrative costs, while facilitating 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 will 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 [www.uspto.gov/strategicplan](http://www.uspto.gov/strategicplan) (<http://www.uspto.gov/strategicplan>). Additional information on the Office's operating requirements to achieve the strategic goals may be found in the “USPTO FY 2021 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>).

## **2. A STATEMENT OF THE SIGNIFICANT ISSUES RAISED BY THE PUBLIC COMMENTS IN RESPONSE TO THE INITIAL REGULATORY FLEXIBILITY ANALYSIS, A STATEMENT OF THE ASSESSMENT OF THE AGENCY OF SUCH ISSUES, AND A STATEMENT OF ANY CHANGES MADE IN THE FINAL RULE AS A RESULT OF SUCH COMMENTS**

The Office received two public comments in response to the IRFA. Details of those comments are discussed and analyzed above in Part VI: Discussion of Comments and are summarized here.

*Comment:* One commenter wrote that the increase in the second and subsequent RCE fee would hurt small entity applicants and small entity law firms. The Initial Regulatory Flexibility Analysis offered no explanation justifying that differential effect on small entities.

*Response:* The USPTO is not targeting the RCE fees for a specific increase. Instead, the fees for RCEs—both for the first request and for second and subsequent requests—are being adjusted by the across-the-board adjustment to patent fees. The USPTO would like to note that small and micro entity applicants will continue to receive the small and micro entity discounts, which set the fee rates significantly below cost to examine second and subsequent RCE filings. Additionally, the Regulatory Flexibility Analysis analyzed applicants' sensitivity to changes in fee rates by entity size, including RCE fees for small entities. This impact is also included in the RIA completed for this rulemaking, which is available at <https://www.uspto.gov/FeeSettingAndAdjusting>.

*Comment:* One commenter claimed the Regulatory Flexibility Analysis must analyze the effect of the annual active patent practitioner fee on small entities because a great number of practitioners work for small entities.

*Response:* As noted in response to Comment 81 above, the USPTO has elected not to implement the annual active patent practitioner fee at this time.

## **3. THE RESPONSE OF THE AGENCY TO ANY COMMENTS FILED BY THE CHIEF COUNSEL FOR ADVOCACY OF THE SMALL BUSINESS ADMINISTRATION IN RESPONSE TO THE PROPOSED RULE, AND A DETAILED STATEMENT OF ANY CHANGE MADE TO THE PROPOSED RULE IN THE FINAL RULE AS A RESULT OF THE COMMENTS**

The Office did not receive any comments filed by the Chief Counsel for Advocacy of the Small Business Administration in response to the proposed rule.

## **4. A DESCRIPTION OF AND, WHERE FEASIBLE, AN ESTIMATE OF THE NUMBER OF SMALL ENTITIES TO WHICH THE RULE WILL APPLY OR AN EXPLANATION OF WHY NO SUCH ESTIMATE IS AVAILABLE**

### **(A) 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 the 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>).



Unlike the 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) that 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* 71 FR at 67109, 1313 Off. Gaz. Pat. Office 60.

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 that 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 four 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 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>[2]</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 that 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 this Final Rule will apply to any entity, including small and micro entities, that pays any patent fee set forth in this Final Rule. 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 22 presents a summary of such small entity filings by type of application (utility, reissue, plant, design) over the last five years.

Table 22—Number of Patent Applications Filed In Last Five Years \*

	<b>FY 2019 **</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>Average</b>
<b>Utility:</b>						
All	619,186	597,952	604,655	609,063	579,358	602,043
Small	140,097	135,307	134,393	131,617	125,991	133,481
% Small	22.6	22.6	22.2	21.6	21.7	22.2
Micro	19,844	20,314	20,359	20,652	19,119	20,058
% Micro	3.2	3.4	3.4	3.4	3.3	3.3
<b>Reissue:</b>						
All	1,131	1,023	1,086	1,123	1,154	1,103
Small	241	219	237	237	217	230
% Small	21.3	21.4	21.8	21.1	18.8	20.9
Micro	33	20	23	21	12	22
% Micro	2.9	2.0	2.1	1.9	1.0	2.0
<b>Plant:</b>						
All	1,168	1,043	1,076	1,181	1,095	1,113
Small	594	467	536	563	577	547
% Small	50.9	44.8	49.8	47.7	52.7	49.2
Micro	7	7	18	10	6	10
% Micro	0.6	0.7	1.7	0.8	0.5	0.9
<b>Design:</b>						
All	45,945	46,433	44,048	42,298	38,183	43,381
Small	18,628	18,992	18,014	16,723	14,709	17,413
% Small	40.5	40.9	40.9	39.5	38.5	40.1
Micro	6,464	5,459	4,983	4,289	3,879	5,015
% Micro	14.1	11.8	11.3	10.1	10.2	11.6

	<b>FY 2019 **</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>Average</b>
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*\* The patent application filing data in this table includes RCEs.*

*\*\* FY 2019 application filing data are preliminary and will be finalized in the FY 2020 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 22.

The USPTO continuously updates both patent fee collections projections and workload projections based on the latest data. The estimated number of patent applications has been updated since the NPRM was published in July 2019. UPR filings growth projections were revised upward during the FY 2021 budget formulation process due to revised RGDP estimates and historical trends. As found in the FY 2021 Budget, the Office estimates that serialized UPR patent application growth rates will be 2.5 percent in FY 2020, 2.0 percent in FY 2021, 1.5 percent in FY 2022, and 1.0 percent in FYs 2023 and 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 23 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.

Table 23—Estimated Numbers of Patent Applications in FY  
2020—FY 2024

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Utility	632,402	632,105	642,729	652,922	662,489
Reissue	899	899	899	899	899
Plant	1,300	1,300	1,300	1,300	1,300
Design	45,751	47,581	49,484	51,464	53,521
Total	680,352	681,885	694,412	706,585	718,209



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/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>) in the document entitled “Setting and Adjusting Patent Fees during Fiscal Year 2020—Description of Elasticity Estimates.”

#### **5. A DESCRIPTION OF THE PROJECTED REPORTING, RECORDKEEPING, AND OTHER COMPLIANCE REQUIREMENTS OF THE 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**

When implemented, this 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 rule. This action only adjusts patent fees and does not set procedures for asserting small entity status or certifying micro entity status, as previously discussed. There are no new compliance requirements in this rule.

The full fee schedule ( *see* Part VII: Discussion of Specific Rules) is set forth in this Final Rule. The fee schedule sets or adjusts 296 patent fees in total. This includes four fees that will be discontinued and five new fees. □

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#### **6. A DESCRIPTION OF THE STEPS THE AGENCY HAS TAKEN TO MINIMIZE THE SIGNIFICANT ECONOMIC IMPACT ON SMALL ENTITIES CONSISTENT WITH THE STATED OBJECTIVES OF APPLICABLE STATUTES, INCLUDING A STATEMENT OF THE FACTUAL, POLICY, AND LEGAL REASONS FOR SELECTING THE ALTERNATIVE ADOPTED IN THE FINAL RULE AND WHY EACH ONE OF THE OTHER SIGNIFICANT ALTERNATIVES TO THE RULE CONSIDERED BY THE AGENCY WHICH AFFECT THE IMPACT ON SMALL ENTITIES WAS REJECTED**

The USPTO considered several alternative approaches to this Final 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 begins with Alternative 1, a description of the fee schedule adopted in this Final Rule. A full discussion of the costs and benefits of all four alternatives and the methodology used for that analysis is contained in the RIA, available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

##### **(A) ALTERNATIVE 1: FINAL PATENT FEE SCHEDULE—SETTING AND ADJUSTING PATENT FEES DURING FISCAL YEAR 2020**

The USPTO chose the patent fee schedule in this Final Rule because it achieves the aggregate revenue needed for the Office to offset aggregate costs, based on the assumptions found in the FY 2021 Budget, and is therefore beneficial to all entities that seek patent protection. Also, the alternative selected here benefits from improvements in the design of the fee schedule. The final patent fee schedule 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 four fees. Three patent service fees are being eliminated in order to focus USPTO workforce efforts on producing products that benefit the general public rather than producing outputs for individual customers that can be obtained through other, more efficient means. Additionally, the Office is eliminating the fee for assisting with the recovery of identification or reset of a password for the Office of Enrollment and Discipline Information System. This fee is being removed because it is unnecessary.

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

In summary, the fees to obtain a patent will increase. All patent fees not covered by the targeted adjustments as discussed in section B of Part V, or to be discontinued, as discussed in section C of Part V, are subject to the approximately 5 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 and 25 percent, respectively. However, second and third stage maintenance fees will only increase by 4 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 the application and publication processes, which benefits both the applicants and examiners. In an effort to enable the 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 by at least 23.0 percent. Finally, in response to feedback from members of the public, the fee for a request for the expedited examination of a design application has been reduced to \$1,600. Under the NPRM, the fee was proposed to be \$2,000.

Adjusting the patent fee schedule as prescribed in this alternative 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 2021 Budget. Specifically, this final patent fee schedule 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 final patent fee schedule also supports the Strategic Plan's mission support goal to deliver organizational excellence (which includes optimizing the 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 final patent fee schedule 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 final patent fee schedule for this rule and existing fees (labeled Alternative 1—Final Patent Fee Schedule—Setting and Adjusting Patent Fees during Fiscal Year 2020) is available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>) in the document entitled “Final Regulatory Flexibility Analysis Tables.” Fee changes for small and micro entities are included in the tables. For the comparison between the fees in the final patent fee schedule and current fees, as noted above, the “current fees” column displays the fees that were in effect as of January 2018.

## **(B) OTHER ALTERNATIVES CONSIDERED**

In addition to the final patent fee schedule set forth in Alternative 1, above, the Office considered several other alternative approaches. For each alternative considered, the Office calculated fee rates and the resulting revenue derived by each alternative scenario. The fees and their corresponding revenue tables are available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>). Please note, only the fees outlined in Alternative 1 are being implemented in the Final Rule; other scenarios are discussed only to present the Office's analysis of other options.

## **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. (While more recent FY 2019 cost data is now available, for consistency with information presented in the NPRM, the Office continues to base the fee rates displayed under Alternative 2 in the IRFA and the RIA on FY 2018 unit cost data). 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 with the assumptions found in the FY 2021 Budget, for this alternative, maintenance fees must be set significantly above unit cost.

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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.

Alternative 2 could present significant barriers to those seeking patent protection because front-end fees would increase significantly for all applicants, even with small and micro entity fee reductions. Further, this alternative is counter to the Office's general philosophy to charge applicants and holders lower fees when they have less information about the relative value of their innovation. This alternative does not align well with the strategic and policy goals of this Final Rule. Both the current and final patent fee schedule are structured to collect more fees further along in the process ( *i.e.*, issue fees and maintenance fees), when 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 innovation, 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. In sum, this alternative is inadequate to accomplish the goals and strategies as stated in Part III of this Final Rule.

The Office theorizes that the high costs of entry into the patent system could lead to a decrease in the incentives to invest in innovative activities among all entities, and especially small and micro entities. There is a strong possibility that funds previously used for issue and maintenance fee payments could offset the higher front-end costs for some users, but the front-end costs could prove insurmountable for other innovators.

The fee schedule for Alternative 2: Unit Cost Recovery is available at <https://www.uspto.gov/FeeSettingAndAdjusting> ( <https://www.uspto.gov/FeeSettingAndAdjusting>) in the document entitled “Final Regulatory Flexibility Analysis Tables.” For the comparison between 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 unit cost recovery fees.

### **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 percent, across the board inflationary increase to the baseline (current fees) beginning in July 2020. Ten percent represents the change in revenue needed to achieve the aggregate revenue needed to cover future budgetary requirements based on the assumptions found in the FY 2021 Budget. All entities (large, small, and micro) would pay 10 percent higher fees for every product and service.

As estimated by the CBO in 2019, projected CPI rates by fiscal year are: 2.3 percent in FY 2020, 2.5 percent in FY 2021 through FY 2023, and 2.4 percent in FY 2024. The Office elected not to apply the estimated cumulative inflationary adjustment (12.8 percent), from FY 2020 through FY 2024 because doing so would result in significantly greater 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. But this alternative maintains the status quo ratio of front-end and back-end fees, given that all fees would be adjusted by the same escalation factor, thereby promoting innovation strategies and allowing applicants to gain access to the patent system through fees set below cost while patent holders pay issue and maintenance fees above cost to subsidize the below cost front-end fees. Alternative 3

nevertheless fails to implement policy factors and deliver benefits beyond what exists in the baseline fee schedule ( *e.g.*, no fee adjustments to offer new patent prosecution options or facilitate more effective administration of the patent system). Given that all entities (large, small, and micro) would pay 10.0 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/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>) in the document entitled “Final Regulatory Flexibility Analysis Tables.” For the comparison between the across-the-  board adjustment fees and current fees, the “current fees” column displays the fees that are in effect as of January 2018.

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#### **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 Congress provided in section 10 of the Act and maintain fees as of January 2018.

This approach would not provide sufficient aggregate revenue, based on the assumptions found in the FY 2021 Budget, to accomplish the Office's rulemaking goals as set forth in Part III of this Final Rule 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 the strategic objective 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.

The fee schedule for Alternative 4: Baseline (Current Fee Schedule) is available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>) in the document entitled “Final Regulatory Flexibility Analysis Tables.”

#### **ALTERNATIVES SPECIFIED BY THE RFA**

The RFA provides that an agency should 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 Final Rule is adopting these approaches.

#### **DIFFERING REQUIREMENTS**

As discussed above, the changes in this Final 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 Final 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 Final 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 Final 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 Final Rule pertains to setting or adjusting patent fees. Any compliance or reporting requirements in this rule are *de minimis* and necessary to implement lower 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 Final Rule.

### **EXEMPTION FOR SMALL AND MICRO ENTITIES**

The final patent fee schedule maintains 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 Final Rule has been determined to be economically significant for purposes of Executive Order 12866 (Sept. 30, 1993). The Office has developed an RIA as required for rulemakings deemed to be economically significant. The complete RIA is available at <https://www.uspto.gov/FeeSettingAndAdjusting> (<https://www.uspto.gov/FeeSettingAndAdjusting>).

### **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 this Final Rule; (2) tailored this Final 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 online 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 Final Rule is not subject to the requirements of Executive Order 13771 (/executive-order/13771) (Jan. 30, 2017) because this Final Rule involves a transfer payment. □

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#### **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) (May 18, 2001) because this final 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).

#### **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 Final Rule are expected to result in an annual effect on the economy of \$100 million 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 Final Rule is a “major rule” as defined in 5 U.S.C. 804(2)

(<https://www.govinfo.gov/link/uscode/5/804>).

### **M. Unfunded Mandates Reform Act of 1995**

The 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 (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 (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 that 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 Final Rule involves information collection requirements that 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 Final Rule have been reviewed and previously approved by the 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. In addition, updates to the aforementioned information collections as a result of this Final Rule have been submitted to the OMB as non-substantive change requests.

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 has 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 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 to the tables in paragraphs (f) and (g);
- c.** Revising paragraph (h);
- d.** Adding a heading to the table in paragraph (i);
- e.** Revising paragraphs (j) and (k);
- f.** Adding a heading to the table in paragraph (l);
- g.** Revising paragraphs (m) through (s);
- h.** Adding a heading to the table 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: □

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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 three:

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 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 entit	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 on or after January 1, 2022 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 specification, claims, and/or abstract does not conform to the USPTO requirements for submission 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) and (c) through (g);
- c.** Revising paragraph (h) introductory text and adding heading to the table in paragraph (h);
- d.** Revising paragraph (i)(1) introductory text and adding a heading to the table in paragraph (i)(1);
- e.** Revising paragraphs (i)(2) and (k);
- f.** Revising paragraph (m);
- g.** Adding a heading to the table in paragraph (o); □
- h.** Revising paragraphs (p) through (s); and
- i.** Adding a heading to the table in paragraph (t).

□ Start Printed Page 46987

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))	320.0
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 that 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

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

§ 1.53(e)—to accord a filing date

§ 1.182—for a decision on a question not specifically provided for in an application for a patent

§ 1.183—to suspend the rules in an application for a patent

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



§ 1.1023—to review the filing date of an international design application

(g) For filing a petition under one of the following sections that 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

§ 1.12—for access to an assignment record

§ 1.14—for access to an application

§ 1.46—for filing an application on behalf of an inventor by a person who otherwise shows sufficient proprietary interest in the matter

§ 1.55(f)—for filing a belated certified copy of a foreign application

§ 1.55(g)—for filing a belated certified copy of a foreign application

§ 1.57(a)—for filing a belated certified copy of a foreign application

§ 1.59—for expungement of information

§ 1.103(a)—to suspend action in an application

§ 1.136(b)—for review of a request for an extension of time when the provisions of § 1.136(a) are not available

§ 1.377—for review of a decision refusing to accept and record payment of a maintenance fee filed prior to the expiration of a patent

§ 1.550(c)—for patent owner requests for an extension of time in *ex parte* reexamination proceedings

§ 1.956—for patent owner requests for an extension of time in *inter partes* reexamination proceedings

§ 5.12 of this chapter—for expedited handling of a foreign filing license

§ 5.15 of this chapter—for changing the scope of a license

§ 5.25 of this chapter—for a retroactive license

(h) For filing a petition under one of the following sections that refers to this paragraph (h):

Table 12 to Paragraph (h)

\* \* \* \* \*

(i) \* \* \*

(1) For taking action under one of the following sections that refers to this paragraph (i)(1):

Table 13 to Paragraph (i)(1)

\* \* \* \* \*

(2) For taking action under one of the sections in paragraphs (i)(2)(i) and (ii) of this section that 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

§ 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

§ 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)	\$400.00
By a small entity (§ 1.27(a))	800.00
By other than a small or micro entity	1,600.00

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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 12-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 an applicant's failure to act within prescribed time limits in an international design application (§ 1.1051):

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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 that refers to this paragraph (q): \$50.00

§ 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

§ 1.48—for correction of inventorship in a provisional application

§ 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):

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)

\* \* \* \* \*

**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

Table 2 to Paragraph (a)(2)

(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 a 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 paragraphs (j) through (l).

The revisions read as follows:

**§ 1.19 Document supply fees.**

- ★\*                      ★\*                      ★\*                      ★\*                      ★\*
- (b) \* \* \*
- (1) \* \* \*
- (i) \* \* \*
- (B) Copy Patent File Wrapper, Any Number of Sheets: \$290.00
- ★\*                      ★\*                      ★\*                      ★\*                      ★\*
- (ii) \* \* \*
- (B) Copy Patent File Wrapper, Electronic, Any Size: \$60.00
- ★\*                      ★\*                      ★\*                      ★\*                      ★\*

6. Section 1.20 is revised to read as follows:

**§ 1.20 Post-issuance fees.**

- (a) For providing a certificate of correction for an 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) 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 that conform to the requirements of § 1.52(a)(1)(ii)

(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)

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

(2) For filing a request for *ex parte* reexamination (§ 1.510(b)) that 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:

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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 micro entity	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)	\$1,890.00
By a small entity (§ 1.27(a))	945.00
By other than a small or micro entity	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:

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

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(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
By a small entity (§ 1.27(a))	6,350.00
By other than a small or micro entity	12,700.00

(3) For processing and treating, in a supplemental examination proceeding, a non-patent document over 20 sheets in length, per document:

(i) Between 21 and 50 sheets:

Table 14 to Paragraph (k)(3)(i)

By a micro entity (§ 1.29)	\$45.00
By a small entity (§ 1.27(a))	90.00
By other than a small or micro entity	180.00

(ii) For each additional 50 sheets or a fraction thereof:

Table 15 to Paragraph (k)(3)(ii)

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

7. Section 1.21 is amended by:

- a. Revising paragraphs (a)(1), (2), and (5);
- b. Removing and reserving paragraph (a)(6)(i);
- c. Adding paragraph (a)(8);

**d.** Revising paragraphs (a)(9)(ii) and (a)(10);

**e.** Adding paragraph (k); and

**f.** Revising paragraphs (n), (o), and (q).

The revisions and addition read as follows:

**§ 1.21 Miscellaneous fees and charges.**

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

(a) \* \* \*

(1) For admission to examination for registration to practice:

(i) Application fee (non-refundable): \$110.00

(ii) Registration examination fee

(A) For test administration by commercial entity: \$210.00

(B) For test administration by the USPTO: \$470.00

(iii) For USPTO-administered review of registration examination: \$470.00

(2) On registration to practice or grant of limited recognition:

(i) On registration to practice under § 11.6 of this chapter: \$210.00

(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

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

(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

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

(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;

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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; and 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

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

(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

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

(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

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

(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.**

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

(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.

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

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

**§ 1.431                      International application requirements.**

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

(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)), the 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 October 2, 2020:

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

By a micro entity (§ 1.29)	\$65.00
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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 October 2, 2020:

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 October 2, 2020:

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 October 2, 2020:

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 October 2, 2020:

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 October 2, 2020:

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

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

**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:

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

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

The revisions and additions read as follows:

**§ 1.492 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)

\*                      \*                      \*                      \*                      \*

(2) \* \* \*

Table 3 to Paragraph ( b )(2)



\* \* \* \* \*

(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 three:

Table 8 to Paragraph ( d )

By a micro entity (§ 1.29)	\$120.00
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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:

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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 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
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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 11.11 is amended by revising the section heading and paragraphs (a)(1) and (2), adding paragraph (a)(3), revising paragraphs (b)(1), (e), and (f)(1), and adding paragraph (f)(3) to read as follows:

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

(a) \* \* \*

(1) A registered practitioner, or person granted limited recognition under § 11.9(b), must notify the OED director of the postal address for their office, at least one and up to three email addresses where they receive email, and a business telephone number, as well as every change to each of said addresses and telephone number within thirty days of the date of the change. A registered practitioner, or person granted limited recognition under § 11.9(b), 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 with the OED director. A registered practitioner, or person granted limited recognition under § 11.9(b), 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 identification number associated with each bar membership. The OED director shall publish a list containing the name, postal business addresses, business telephone number, registration number or limited recognition number, and registration status as an attorney or agent of each registered practitioner, or person granted limited recognition under 11.9(b), recognized to practice before the Office in patent matters. The OED director may also publish the continuing legal education certification status of each registered practitioner, or person granted limited recognition under § 11.9(b).

(2) Biennially, registered practitioners and persons granted limited recognition may be required to file a registration statement with the OED director for the purpose of ascertaining whether such practitioner desires to remain in an active status. Any registered practitioner, or person granted limited recognition under § 11.9(b), failing to file the registration statement or give any information requested by the OED director within a time limit specified shall be subject to administrative suspension under paragraph (b) of this section.

(3)(i) A registered practitioner, or person granted limited recognition under § 11.9(b), who 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, may certify such completion to the OED director.

(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 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.

(b) \* \* \*

(1) Whenever it appears that a registered practitioner, or person granted limited recognition under § 11.9(b), has failed to comply with paragraph (a)(2) of this section, 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 address 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 60 days after the date of such notice.

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(e) *Resignation.* A registered practitioner who is not under investigation under § 11.22 for a possible violation of the USPTO Rules of Professional Conduct, is not subject to discipline under § 11.24 or § 11.25, or against whom probable cause has not been found by a panel of the Committee on Discipline under § 11.23(b), may resign by notifying the OED director in writing that they desire to resign. Upon acceptance in writing by the OED director of such notice, that registered practitioner 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 they 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 their conduct while they engaged in practice before the Office. The name of any registered practitioner whose resignation is accepted shall be removed from active status, endorsed as resigned, and notice thereof published in the Official Gazette. Upon acceptance of the resignation by the OED director, the resigned practitioner must comply with the provisions of § 11.116. A resigned practitioner is subject to investigation and discipline for their conduct that occurred prior to, during, or after the period of their resignation.

(f) \* \* \*

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

(A) Is not the subject of a disciplinary investigation or a party to a disciplinary proceeding;

- (B) Has applied for reinstatement on an application form supplied by the OED director;
- (C) Has demonstrated good moral character and reputation and competence in advising and assisting patent applicants in the presentation and prosecution of their applications before the Office;
- (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 applicable delinquency fees as set forth in § 1.21(a)(9)(i) of this chapter.
- (ii) Any administratively suspended registered practitioner, or person granted limited recognition, who applies for reinstatement more than five years after the effective date of the administrative suspension, additionally 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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(3)(i) 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:

- (A) Is not the subject of a disciplinary investigation or a party to a disciplinary proceeding;
- (B) Has applied for reinstatement on an application form supplied by the OED director;
- (C) Has demonstrated good moral character and reputation and competence in advising and assisting patent applicants in the presentation and prosecution of their applications before the Office;
- (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 applicable delinquency fees as set forth in § 1.21(a)(9)(i) of this chapter.
- (ii) Any resigned registered practitioner who applies for reinstatement more than five years after the effective date of the resignation additionally 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.

## **PART 41 — PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD**

**15.**The authority citation for 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>).

**16.**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>):

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

**17.** 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.

**18.** 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: \$19,000.00

(2) *Inter Partes* Review Post-Institution fee: \$22,500.00

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

(4) In addition to the *Inter Partes* Post-Institution request fee, for requesting a 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 a 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 a 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 fee 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 *pro hac vice* before the Patent Trial and Appeal Board: \$250.00.

Andrei Iancu,

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

## Footnotes

1. *The description of the rounding rule in the NPRM incorrectly indicated that fees were rounded to the nearest \$5, rather than to the nearest \$10. This error has been corrected in this Final Rule. The fees proposed in the NPRM and implemented in this Final Rule were both rounded to the nearest \$10 and are not affected by the error in the description.*

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2. *For more information, see <https://www.uspto.gov/PatentMicroentity> (<https://www.uspto.gov/PatentMicroentity>).*

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[FR Doc. 2020-16559 (/d/2020-16559) Filed 7-31-20; 8:45 am]

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