

**DEPARTMENT OF COMMERCE****United States Patent and Trademark Office****37 CFR Parts 1, 41, and 42****[Docket No. PTO-C-2011-0008]****RIN 0651-AC54****Setting and Adjusting Patent Fees****AGENCY:** United States Patent and Trademark Office, Department of Commerce.**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The United States Patent and Trademark Office (Office or USPTO) proposes to set or adjust patent fees as authorized by the Leahy-Smith America Invents Act (Act or AIA). The proposed fees will provide the Office with a sufficient amount of aggregate revenue to recover its aggregate cost of patent operations, while helping the Office implement a sustainable funding model, reduce the current patent application backlog, decrease patent pendency, improve patent quality, and upgrade the Office's patent business information technology (IT) capability and infrastructure. The Office also proposes to reduce fees for micro entities under section 10(b) of the Act (75 percent discount). The proposed fees also will further key policy considerations. For example, the proposal includes multipart and staged fees for requests for continued examination and appeals, both of which aim to *increase patent prosecution options for applicants*.

**DATES:** The Office solicits comments from the public on this proposed rulemaking. Written comments must be received on or before November 5, 2012 to ensure consideration.

**ADDRESSES:** Comments should be sent by electronic mail message over the Internet addressed to: [fee.setting@uspto.gov](mailto:fee.setting@uspto.gov). Comments may also be submitted by postal mail addressed to: Mail Stop—Office of the Chief Financial Officer, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450, marked to the attention of "Michelle Picard." Comments may also be sent by electronic mail message over the Internet via the Federal eRulemaking Portal. See the Federal eRulemaking Portal Web site (<http://www.regulations.gov>) for additional instructions on providing comments via the Federal eRulemaking Portal.

Although comments may be submitted by postal mail, the Office prefers to receive comments by electronic mail message over the

Internet, which allows the Office to more easily share comments with the public. Electronic comments are preferred to be submitted in plain text, but also may be submitted in ADOBE® portable document format or MICROSOFT WORD® format. Comments not submitted electronically should be submitted on paper in a format that facilitates convenient digital scanning into ADOBE® portable document format.

The comments will be available for public inspection via the Office's Internet Web site (<http://www.uspto.gov>). Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

**FOR FURTHER INFORMATION CONTACT:** Michelle Picard, Office of the Chief Financial Officer, by telephone at (571) 272-6354; or Dianne Buie, Office of Planning and Budget, by telephone at (571) 272-6301.

**SUPPLEMENTARY INFORMATION:****I. Executive Summary***A. Purpose of This Action*

The Office proposes these rules under section 10 of the Act (section 10), which authorizes the Director of the USPTO to set or adjust by rule any patent fee established, authorized, or charged under Title 35, United States Code (U.S.C.) for any services performed by, 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 to the Office with respect to such patent operations. Section 10 authority includes flexibility to set individual fees in a way that furthers key policy considerations, 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 and oversight by Congress.

The fee schedule proposed under section 10 in this rulemaking will recover the aggregate estimated costs of the Office while achieving strategic and operational goals, such as implementing a sustainable funding model, reducing the current patent application backlog, decreasing patent pendency, improving patent quality, and upgrading the patent IT business capability and infrastructure.

The United States economy depends on high quality and timely patents to protect new ideas and investments for business and job growth. The Office estimates that the additional aggregate revenue derived from the proposed fee schedule will enable a decrease in total patent pendency by 12 months for the five-year planning horizon (FY 2013–FY 2017), thus permitting a patentee to obtain a patent sooner than he or she would have under the status quo fee schedule. The additional revenue from the proposed fee schedule will also recover the aggregate cost of building a three-month patent operating reserve by FY 2017, thereby continuing to build a sustainable funding model that will aid the Office in maintaining shorter pendency and a smaller backlog.

The proposed rule will also advance key policy considerations, while taking into account the cost of individual services. For example, the proposal includes multipart and staged fees for requests for continued examination and appeals, both of which aim to increase patent prosecution options for applicants. Also, this rule would include a new 75 percent fee reduction for micro entities, and expand the availability of the 50 percent fee reduction for small entities as required under section 10, providing small entities a discount on more than 25 patent fees that do not currently qualify for a small entity discount. All in all, as a result of these proposed adjustments to patent fees, for all applicants the routine fees to obtain a patent (*i.e.*, filing, search, examination, publication, and issue fees) will decrease by at least 22 percent relative to the current fee schedule.

*B. Parallel Rulemaking*

*January and February 2012 Proposed Rules.* In January and February 2012, the Office proposed rules setting fees for the new patent-related services authorized by the Act using its rulemaking authority under 35 U.S.C. 41(d). The Office proposed those rules under section 41(d) because fees for the new patent-related services must be in place one year from the AIA's enactment (September 16, 2012) and because the Office would not finish with its section 10 rulemaking by that date.

Unlike section 10 of the Act, section 41(d) of title 35 of the U.S.C. requires the Office to set fees for processing, services, or materials relating to patents at amounts to recover the estimated average cost to the Office of the particular processing, activity, service, or material per action (as opposed to the aggregate cost of all processing,

activities, services and material). 35 U.S.C. 41(d)(2). On January 5, 2012 (77 FR 448), the Office proposed fees for filing third party submissions; on January 25, 2012 (77 FR 3666), the Office proposed fees for *ex parte* reexaminations and supplemental examinations; on February 9, 2012 (77 FR 6879), the Office proposed fees for *inter partes* reviews, post-grant reviews, covered business method reviews, and derivation proceedings. Collectively, these rules are referred to herein as the “January and February 2012 Proposed Rules.”

The fees proposed in the January and February 2012 Proposed Rules are set to recover the Office’s costs per action under section 41(d), as opposed to the Office’s aggregate costs for all patent-related activities under section 10. The Office intends to finalize fees proposed in the January and February 2012 Proposed Rules within the coming months to meet its implementation obligations under the Act to institute certain new services. However, the Office anticipates that the fees in those final rules will only be needed on a temporary basis, from September 16, 2012, until this rulemaking becomes final. The instant notice of proposed rulemaking (NPRM) does not reopen the comment period for the January and February 2012 Proposed Rules. Rather, this NPRM establishes a different comment period for setting and adjusting fees under section 10. In sum, this parallel rulemaking is necessary so that the Office can comply with both the Act’s one-year deadline for instituting certain new services, and commence the lengthier process under section 10 for setting or adjusting fees for all of the Office’s patent processing, activities, services, and material. The Office provides additional information about the AIA implementation effort, including how the components of the AIA relate to one another, on its Web site, [http://www.uspto.gov/aia\\_implementation/index.jsp](http://www.uspto.gov/aia_implementation/index.jsp).

*Proposed CPI Rule.* Similarly, in a separate rulemaking, the USPTO proposed to adjust certain patent fee amounts to reflect fluctuations in the Consumer Price Index (CPI) under 35 U.S.C. 41(f). See 77 FR 8331 (May 14, 2012). This increase in fees is necessary for the USPTO to reach its strategic goals within the time frame outlined in the USPTO FY 2013 President’s Budget (Budget). The fee increase in the CPI rulemaking is planned as a bridge to provide resources until the instant section 10 rulemaking (this NPRM)

becomes final (at which time the anticipated section 10 fees would supersede the fees in the CPI rulemaking). The proposed rule for the CPI adjustment sets forth particular fees to be adjusted and describes how the adjustment will be calculated based on the fluctuation in the CPI over the twelve months preceding the issuance of the final CPI rule. The aggregate revenue estimates presented in this section 10 proposed rule reflect an estimate of a CPI increase of 1.9 percent, which was the figure included in the Budget and the initial patent fee proposal delivered to the Patent Public Advisory Committee on February 7, 2012. The hypothetical fee rates based on this estimated CPI and used to estimate the aggregate revenue are included in the documents titled *USPTO Section 10 Fee Setting—Aggregate Revenue Estimates* at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1). The USPTO aggregate revenue estimate will be updated in the section 10 final rule to reflect the actual CPI rates included in the CPI final rule. The individual fee amounts proposed in this rule are not dependent on the final CPI fee rates and may be considered independent of the CPI increase. Except as otherwise noted, the current fees (baseline or status quo) included herein for comparative purposes include the January and February 2012 Proposed Rule fee amounts (as adjusted by the final rule) but not estimated CPI fee amounts.

The parallel rulemakings discussed in this section work in concert to meet the requirements of the AIA and secure the financial resources necessary to advance the Office’s goals.

#### *C. Summary of Provisions Impacted by This Action*

The Office proposes to set or adjust 352 patent fees—94 apply to large entities (any reference herein to “large entity” includes all entities other than small or micro entities), 94 to small entities, 93 to micro entities, and 71 are not entity-specific. Of the 94 large entity fees, 66 are being adjusted, 19 are set at existing fee amounts, and 9 are newly proposed in this rule. Of the 94 small entity fees, 80 are being adjusted, 5 are set at existing fee amounts, and 9 are newly proposed in this rule. There are 93 new micro entity fees being set at a reduction of 75 percent from the large entity fee amounts. Of the 71 fees that are not entity-specific, 6 are either being adjusted or set as new fees in this rule and 65 are set at existing fee amounts.

In all, the routine fees to obtain a patent (i.e., filing, search, examination, publication, and issue fees) will decrease by 22 percent under this NPRM relative to the current fee schedule. Also, despite increases in some fees, applicants who meet the new micro entity definition will pay less than the amount paid for small entity fees under the current fee schedule for 88 percent of the fees eligible for a discount under section 10(b). Additional information describing the adjustments is included in *Part V: Individual Fee Rationale* section of Supplementary Information in this rulemaking.

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

The Office prepared a Regulatory Impact Analysis (RIA) to analyze the costs and benefits of this NPRM over a five-year period. This analysis includes a comparison of the proposed fee schedule to the current fee schedule (baseline) (which is defined to include the January and February 2012 Proposed Rules fee amounts, as adjusted by the final rules) and to three other alternatives described in the RIA. The Office considered both monetized and qualitative costs and benefits. Monetized costs and benefits have effects that the Office can express in dollar values. Qualitative costs and benefits have effects that are difficult to express in either dollar or numerical values. The complete RIA is available for review at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1).

The RIA concluded that the proposed patent fee schedule has the largest net benefit. The incremental net monetized benefit to patent applicants, patent holders, other patent stakeholders, and society of the proposed fee schedule is nearly seven billion dollars (assuming a 7 percent discount rate) for the five-year period. The most significant incremental benefit is the increase in the average value of a patent that stems from a decrease in patent application pendency (the time it takes to have a patent application examined). The Office estimates that total patent application pendency will decrease by 12 months during the time period of this analysis, thereby permitting a patentee to obtain a patent sooner than he or she would have under the Baseline (status quo fee schedule). The proposed fee schedule also has qualitative benefits including fee schedule design benefits and a decrease in uncertainty of patent rights, as discussed below. See Table 1.

TABLE 1—PROPOSED PATENT FEE SCHEDULE COSTS AND BENEFITS, CUMULATIVE FY 2013–FY 2017

	Total
<b>Monetized Costs and Benefits—3% Discount Rate (dollars in millions)</b>	
<i>Benefits:</i>	
Increase in private patent value from a decrease in pendency .....	\$6,921
<i>Costs:</i>	
Cost of patent operations .....	(\$765)
Lost patent value from a decrease in patent applications .....	(\$166)
<b>Net Benefit</b> .....	<b>\$5,990</b>
<b>Monetized Costs and Benefits—7% Discount Rate (dollars in millions)</b>	
<i>Benefits:</i>	
Increase in private patent value from a decrease in pendency .....	\$7,694
<i>Costs:</i>	
Cost of patent operations .....	(\$682)
Lost patent value from a decrease in patent applications .....	(\$135)
<b>Net Benefit (Cost)</b> .....	<b>\$6,877</b>
<b>Qualitative Costs and Benefits</b>	
<i>Costs:</i>	
No qualitative costs .....	n/a
<i>Benefit:</i>	
<i>Fee Schedule Design Benefits (Significant, Moderate, Not Significant)</i> .....	<i>Moderate</i>
<i>Decreased Uncertainty Effect (Significant, Moderate, Not Significant)</i> .....	<i>Significant</i>

To estimate the monetized benefits of the proposed fee schedule, the Office considered how the value of a patent would increase under the proposed fee schedule. When patent application pendency decreases, a patentee holds the exclusive right to the invention sooner, which would increase the private value of that patent. Because the outcomes of this proposed rule would decrease patent pendency by 12 months during the time period of the analysis, the Office expects the private patent value will increase, relative to the baseline. This benefit helps to speed the commercialization of new technologies and the jobs they can create. See Table 1.

The Office also estimated the incremental increase in the costs of its patent operations to determine the monetized costs of the proposed fee schedule. The most significant incremental costs of patent operations are (1) the increased patent examination capacity to work on the large backlog of patent applications in inventory, thus reducing patent application pendency; and (2) building a three-month patent operating reserve by FY 2017 to support a sustainable funding model. See Table 1.

In addition, the Office expects that this proposed rule will result in a short-term reduction in patent applications filed due to the new pricing. The Office estimates that 1.3 percent fewer applications than the number estimated to be filed in the absence of a fee increase will be filed during FY 2013.

The Office further estimates that 2.7 percent fewer patent applications will be filed during FY 2014 and 4.0 percent fewer patent applications beginning in FY 2015 as patent filers adjust to the new fees, specifically the increase in the total filing, search, and examination fees for most applicants. However, the Office estimates that patent application filings will return to the same growth rate anticipated in the absence of a fee increase beginning in FY 2016. Overall, the demand for patent application services is generally inelastic and the number of patent applications filed will continue to grow year-over-year. An estimate of the monetized cost to patent applicants, other patent stakeholders, and society associated with this reduction in patent applications filed was also subtracted from the benefit of the increased patent value when estimating the overall net benefit of the proposed fee schedule. See Table 1.

When considering the qualitative benefits of the proposed fee schedule, the Office assessed the impact of the rule on two factors: fee schedule design and decreasing uncertainty. First, the design of the proposed fee schedule offers benefits relating to the three policy factors considered for setting individual fees as described in Part III of this NPRM, namely *fostering innovation, facilitating the effective administration of the patent system; and offering patent prosecution options to applicants*. By maintaining the current fee setting philosophy of keeping front-end fees below the cost of application

processing and recovering revenue from back-end fees, the proposed fee schedule continues to *foster innovation* and ease access to the patent system. The fee schedule design continues to offer incentives and disincentives to engage in certain activities that *facilitate the effective administration of the patent system* and help reduce the amount of time it takes to have a patent application examined. For example, application size fees, extensions of time fees, and excess claims fees remain in place to facilitate the prompt conclusion of prosecution of an application. The proposal includes multipart and staged fees for requests for continued examination and appeals, both of which aim to *increase patent prosecution options for applicants*. Second, by decreasing pendency, this action provides the applicant and other potential innovators with greater certainty through clearly defined and an unambiguous scope of patent rights. This increase in certainty and clarity in patent rights has an overall positive impact on the freedom to innovate and the market for technology.

The RIA found that the proposed fee schedule generates the largest net benefit based on the analysis of the costs and benefits of: (a) the proposed fee schedule; (b) the no-action alternative (baseline); and (c) the three other alternatives. Additional details describing the costs and benefits is available in the RIA at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1).

## 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, 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 35 U.S.C. may be set or adjusted only to recover the aggregate estimated cost to the Office for processing, activities, services, and materials related to patents, including administrative costs to the Office with respect to such patent operations. See 125 Stat. at 316. Provided that the fees in the aggregate achieve overall aggregate cost recovery, the Director may set individual fees under section 10 at, below, or above their respective cost. Section 10(e) of the Act requires the Director to publish the final fee rule in the **Federal Register** and the Official Gazette of the Patent and Trademark Office at least 45 days before the final fees become effective. Section 10(i) terminates the Director's authority to set or adjust any fee under section 10(a) upon the expiration of the seven-year period that began on September 16, 2011.

### B. 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.

### C. Micro Entity Fee Reduction

Section 10(g) of the AIA amends Chapter 11 of Title 35, U.S.C. to add 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. The implementing procedures for the provisions of 35 U.S.C. 123 are proposed in a separate rulemaking. See 77 FR 31806 (May 30, 2012).

### D. Patent Public Advisory Committee Role

The Secretary of Commerce established the Patent Public Advisory Committee (PPAC) under the American Inventors Protection Act of 1999. 35 U.S.C. 5. The PPAC advises the Under Secretary of Commerce for Intellectual Property and Director of the USPTO on the management, policies, goals,

performance, budget, and user fees of patent operations.

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

Consistent with this framework, on February 7, 2012, 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 <http://www.uspto.gov/about/advisory/ppac/>. The PPAC held two public hearings: one in Alexandria, Virginia, on February 15, 2012; and another in Sunnyvale, California, on February 23, 2012. Transcripts of these hearings and comments submitted to the PPAC in writing are available for review at <http://www.uspto.gov/about/advisory/ppac/>. The PPAC is considering public comments from these hearings and will make available to the public a written report setting forth in detail the comments, advice, and recommendations of the committee regarding the preliminary proposed fees. The PPAC is scheduled to release its report no later than August 2012. The Office will consider and analyze any comments, advice, or recommendations received from the PPAC before publishing a final rule.

## III. Rulemaking Goals and Strategies

Consistent with the Office's goals and obligations under the AIA, the overall strategy of this rulemaking is to ensure the fee schedule generates sufficient revenue to recover aggregate costs. Another strategy is to set individual fees to further key policy considerations while taking into account the cost of the particular service. As to the strategy of balancing aggregate revenue and aggregate cost, this rule will provide sufficient revenue to implement two significant USPTO goals: (1) Implement a sustainable funding model for operations; and (2) optimize patent timeliness and quality. As to the

strategy of setting individual fees to further key policy considerations, the policy factors contemplated are: (1) *Fostering innovation*; (2) *facilitating effective administration of the patent system*; and (3) *offering patent prosecution options to applicants*.

These fee schedule goals and strategies are consistent with strategic goals and objectives detailed in the USPTO 2010–2015 Strategic Plan (Strategic Plan) that is available at [http://www.uspto.gov/about/stratplan/USPTO\\_2010-2015\\_Strategic\\_Plan.pdf](http://www.uspto.gov/about/stratplan/USPTO_2010-2015_Strategic_Plan.pdf), as amended by Appendix #1 of the Budget, available at <http://www.uspto.gov/about/stratplan/budget/fy13pbr.pdf> (collectively referred to herein as “Strategic Goals”). The Strategic Plan defines the USPTO's missions and long-term goals and presents the actions the Office will take to realize those goals. The significant actions the Office describes in the Strategic Plan that are specific to the goals of this rulemaking are implementing a sustainable funding model, reducing the patent application backlog and pendency, and improving patent quality and IT.

Likewise, the fee schedule goals and strategies also support the *Strategy for American Innovation*—an Administration initiative first released in September 2009 and updated in February 2011 that is available at <http://www.whitehouse.gov/innovation/strategy>. The *Strategy for American Innovation* recognizes innovation as the foundation of American economic growth and national competitiveness. Economic growth in advanced economies like the United States' is driven by creating new and better ways of producing goods and services, a process that triggers new and productive investments, which is the cornerstone of economic growth. Achieving the *Strategy for American Innovation* depends, in part, on the USPTO's success in reducing the patent application backlog (the number of applications awaiting examiner action) and pendency (the time it takes to have a patent application examined)—both of which stall the delivery of innovative goods and services to market and impede economic growth and the creation of high-paying jobs. This rule positions the USPTO to reduce the backlog and pendency.

### A. Ensure the Overall Fee Schedule Generates Sufficient Revenue to Recover Aggregate Cost

The first fee setting strategy is to ensure that the fee schedule generates sufficient multi-year aggregate revenue to recover the aggregate cost to maintain

USPTO operations and accomplish USPTO strategic goals. Two overriding principles, found in the Strategic Plan, motivate the Office here: (1) Operating within a more sustainable funding model than in the past to avoid disruptions caused by fluctuations in the economy; and (2) accomplishing strategic goals, including the imperatives of reducing the patent application backlog and pendency. Each principle is discussed in greater detail below.

### 1. Implement a Sustainable Funding Model for Operations

As explained in the Strategic Plan, the Office's objective of implementing a sustainable funding model for operations will facilitate USPTO's long-term operational and financial planning and enable the Office to adapt to changes in the economy and in operational workload.

Since 1982, patent fees that generate most of the patent revenue (e.g., filing, search, examination, issue, and maintenance fees) have been set by statute, and the Office could adjust these fees only to reflect changes in the CPI for All Urban Consumers, as determined by the Secretary of Labor. Because these fees were set by statute, the USPTO could not realign or adjust them to quickly and effectively respond to market demand or changes in processing costs other than for the CPI. Over the years, these constraints led to funding variations and shortfalls. Section 10 of the AIA changed this fee adjustment model and authorizes the USPTO to set or adjust patent fees within the regulatory process so that the Office will be better able to respond to its rapidly growing workload.

The Budget delineates the annual plans and prospective aggregate costs to execute the initiatives in the Strategic Plan. One of these costs is the creation of a three-month patent 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. The Office evaluated the optimal size of the operating reserve by examining specific risk factors. There are two main factors that create a risk of volatility in patent operations—spending levels and revenue streams. After reviewing other organizations' operating reserves, the Office found that a fully fee-funded organization such as the USPTO should maintain a minimum of a three-month operating reserve. The fees proposed here will gradually build the three-

month operating reserve. The USPTO will assess the patent operating reserve balance against its target balance annually and, at least every two years, will evaluate whether the target balance continues to be sufficient to provide the stability in funding needed by the Office. If the proposed fee structure is implemented, then the USPTO anticipates that the three-month patent operating reserve would be achieved in FY 2017.

The proposed fees will provide the USPTO with sufficient aggregate revenue to recover the aggregate cost to operate the Office while improving the patent system. During FY 2013, patent operations will cost \$2.604 billion (including an offset to spending from other income of \$18 million and a deposit in the operating reserve of \$73 million). The proposed fee schedule should generate \$2.604 billion in aggregate revenue to offset these costs. Once the Office transitions to the proposed fee levels, it estimates an additional \$11.8 billion in aggregate revenue will be generated from FY 2014 through FY 2017 to recover the total aggregate cost over the same time period—\$11.2 billion in operating costs and \$0.6 billion in a three-month operating reserve. (See Table 3 in *Part IV*, Step 2 of this NPRM.)

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.

### 2. Optimize Patent Quality and Timeliness

The Office developed the strategic goal of optimizing patent quality and timeliness in response to intellectual property (IP) community feedback, the *Strategy for American Innovation*, and in recognition that a sound, efficient, and effective IP system is essential for technological innovation and for patent holders to reap the benefits of patent protection.

Over the past several years, a steady increase in incoming patent applications and insufficient patent examiner hiring due to multi-year funding shortfalls has led to a large patent application backlog (the number of applications awaiting examiner action) and a long patent application pendency (the time it takes to have a patent application examined). Reducing pendency increases the private value of a patent because the more quickly a patent is granted, the more quickly the holder can commercialize the innovation. Shorter pendency also allows for earlier disclosure of the scope of the patent, which reduces uncertainty

for the patentee, potential competitors, and additional innovators regarding patent rights and the validity of the patentees' claims.

To reduce the backlog and pendency, the USPTO must examine significantly more patent applications than it receives each year for the next several years. Bringing the applications in the backlog down to a manageable level, while at the same time keeping pace with the new patent applications expected to be filed each year, will require that the Office collect more aggregate revenue than it estimates that it will collect at existing fee rates. The Office needs this additional revenue to hire additional patent examiners, improve the patent business IT capability and infrastructure, and implement other programs to optimize the timeliness of patent examination. This proposed rulemaking will result in an average first action patent pendency of 10 months in FY 2015, an average total pendency of 20 months in FY 2016, and a reduced patent application backlog and inventory of approximately 350,000 patent applications by FY 2015. This would be a significant improvement over the 22.6 months and 34.1 months for average first action patent pendency and average total pendency, respectively, as of March 2012. Under this proposed rule, the patent application backlog is also expected to decrease significantly from the 644,775 applications in inventory as of March 2012.

In addition to timeliness of patent protection, the quality of application review is critical to ensure the value of an issued patent. Quality issuance of patents provides certainty in the market and allows businesses and innovators to make informed and timely decisions on product and service development. Under the proposed action, the Office will continue to improve patent quality through comprehensive training for new and experienced examiners, an expanded and enhanced ombudsmen program to help resolve questions about applications, improved hiring processes, and guidelines for examiners to address clarity issues in patent applications—all actions intended to place quality at the top of USPTO's priorities. The Office will continue to encourage interviews to help clarify allowable subject matter early in the examination process, and to encourage interviews later in prosecution to resolve outstanding issues. The Office will also continue to reengineer the examination process, and to monitor and measure examination using a comprehensive set of metrics that analyze the quality of the entire process.

In addition to direct improvements to patent quality and timeliness, the USPTO's development and implementation of the patent end-to-end processing system using the revenue generated from the proposed fee structure will also improve the efficiency of the patent system. The IT architecture and systems in place currently are obsolete and difficult to maintain, leaving the USPTO highly vulnerable to disruptions in patent operations. Additionally, the current IT systems require patent employees and external stakeholders to perform labor-intensive business processes manually, decreasing the efficiency of the patent system. This proposed rule provides the Office with sufficient revenue to modernize its IT systems so that the majority of applications are submitted, handled, and prosecuted electronically. Improved automation will benefit both the Office and innovation community.

*B. Set Individual Fees to Further Key Policy Considerations, While Taking Into Account the Costs of the Particular Service*

The second fee setting strategy is to set individual fees to further key policy considerations, while taking into account the cost of the associated service or activity. The proposed fee schedule recovers the aggregate cost to the Office, while also considering the individual cost of each service provided. This includes consideration 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). The proposed fee schedule considers three key policy factors: (1) *Fostering innovation*; (2) *facilitating effective administration of the patent system*; and (3) *offering patent prosecution options to applicants*. The Office is focusing on these policy factors because each promotes particular aspects of the U.S. patent system. *Fostering innovation* is an important policy factor to ensure that access to the U.S. patent system is without significant barriers to entry and innovation is incentivized by granting inventors certain short-term exclusive rights to stimulate additional inventive activity. *Facilitating effective administration of the patent system* is important to influence efficient patent prosecution, resulting in compact prosecution and reduction in the time it takes to obtain a patent. In addition, the Office recognizes that patent prosecution is not a one-size-fits-all process and therefore, where feasible, the Office endeavors to fulfill its third policy factor of *offering patent*

*prosecution options to applicants*. Each of these policy factors is discussed in greater detail below.

1. *Fostering Innovation*

To encourage innovators to take advantage of patent protection, the Office proposes to set basic "front-end" fees (e.g., filing, search, and examination) below the actual cost of carrying out these activities. Likewise, consistent with the requirements in the Act, the Office proposes providing fee reductions for small and micro entity innovators to facilitate access to the patent system. Setting front-end and small and micro entity fees below cost requires, however, that other fees be set above cost. To that end, the Office proposes to set basic "back-end" fees (e.g., issue and maintenance) in excess of costs to recoup revenue not collected by front-end and small and micro entity fees. Charging higher back-end fees also fosters innovation and benefits the overall patent system when patent owners more closely assess the expected value of an existing patent over its life, and determine whether to pay maintenance fees to keep the patent in force. Expiration of a patent makes the subject matter of the patent available in the public domain for subsequent commercialization. Determining the appropriate balance between front-end and back-end fees is a critical component of aligning the Office's costs and revenues.

2. *Facilitating Effective Administration of the Patent System*

The proposed fee structure helps facilitate effective administration of the patent system by encouraging applicants or patent holders to engage in certain activities that facilitate an effective patent system. In particular, setting fees at the particular levels proposed here will: (1) Encourage the submission of applications or other actions that enable examiners to provide prompt, quality interim and final decisions; (2) encourage the prompt conclusion of prosecution of an application, which results in pendency reduction, faster dissemination of information, and certainty in patented inventions; and (3) help recover the additional costs imposed by some applicants' more intensive use of certain services that strain the patent system.

3. *Offering Patent Prosecution Options to Applicants*

The proposed fee schedule also provides applicants with flexible and cost-effective options for seeking patent protection. For example, in September 2011, the Office implemented

prioritized examination for utility and plant applications, as specified in provisions of section 11(h) of the Act, to offer applicants the choice of a fast track examination for an additional fee. (*See Changes To Implement the Prioritized Examination Track (Track I) of the Enhanced Examination Timing Control Procedures*, 76 FR 6369 (Feb. 4, 2011)). In this proposed rule, the Office proposes multipart and staged fees for requests for continued examination (RCE) and appeals. The Office proposes to set the RCE fee in two parts. The first RCE fee would be set below cost to facilitate access to the service and in recognition that most applicants using RCEs only require one per application. The fee for the second and subsequent requests would be set at cost recovery as an option for those who require multiple RCEs. Likewise, the staging of appeal fees allows applicants to pay less in situations when an application is either allowed or reopened before being forwarded to the Board of Patent Appeals and Interferences (BPAI) (to become the Patent Trial and Appeal Board (PTAB) on September 16, 2012). This *patent prosecution option* allows applicants to make critical decisions at multiple points in the patent prosecution process.

Summary of Rationale and Purpose of the Proposed Rulemaking

The patent fee schedule proposed here will produce aggregate revenues to recover the aggregate costs of the USPTO, including for its management of strategic goals, objectives, and initiatives in FY 2013 and beyond. Using the two Strategic Plan goals (implementing a sustainable funding model for operations and optimizing patent quality and timeliness) as a foundation, the proposed rule would provide sufficient aggregate revenue to recover the aggregate cost of patent operations, including implementing a sustainable funding model, reducing the current patent application backlog, decreasing patent pendency, improving patent quality, and upgrading the patent business IT capability and infrastructure. Additionally, in this rule, the Office considers each individual fee by evaluating its historical cost and considering the policy factors of *fostering innovation*, *facilitating the effective administration of the patent system*, and *offering patent prosecution options to applicants*.

**IV. Fee Setting Methodology**

There are three primary steps involved in developing the proposed fees:

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

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

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

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

*Step 1: Determine Prospective Aggregate Costs*

Calculating aggregate costs is accomplished primarily through the routine USPTO budget formulation process. The Budget is a five-year plan (that the Office prepares annually) for carrying out base programs and implementing the strategic goals and objectives. The first activity performed to determine prospective aggregate cost is to project the level of demand for patent products and services. Demand for products and services depends on many factors, including domestic and global economic activity. The USPTO also takes into account overseas patenting activities, policies and legislation, and known process efficiencies. Because examination costs are 70 percent of the total patent operating cost, a primary production workload driver is the number of patent application filings (i.e., incoming work to the Office). The Office looks at indicators such as the expected growth in Real Gross Domestic Product (RGDP), the leading indicator to incoming patent

applications, to estimate prospective workload. RGDP is reported by the Bureau of Economic Analysis ([www.bea.gov](http://www.bea.gov)), and is forecasted each February by the Office of Management and Budget (OMB) ([www.omb.gov](http://www.omb.gov)) in the Economic and Budget Analyses section of the Analytical Perspectives, and each January by the Congressional Budget Office (CBO) ([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 at pages 36 and 37 of the 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 printing) 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 [http://www.uspto.gov/patents/stats/patent\\_pend\\_model.jsp](http://www.uspto.gov/patents/stats/patent_pend_model.jsp).

The second activity is to calculate the aggregate costs to execute the requirements. In developing its Budget, the Office first looks at the cost of status quo operations (the base requirements). The base requirements are adjusted for anticipated pay raises and inflationary increases for the periods FY 2013–FY 2017 (detailed calculations and assumptions for this adjustment to base are available in Exhibit 8 and Exhibit 9 of the Budget). The Office then estimates the prospective cost for expected changes in production workload and new initiatives over the same period of time (refer to “Program Changes by Sub-Activity” sections of the Budget). The Office reduces cost estimates for completed initiatives and

known cost savings expected over the same five-year horizon (see page 9 of the Budget). Finally, the Office estimates its three-month target operating reserve level based on this aggregate cost calculation for year to determine if operating reserve adjustments are necessary.

The Budget identifies that during FY 2013, patent operations will cost \$2.549 billion (see page 31 of the Budget), including \$1.733 billion for patent examination activities; \$362 million for IT systems, support, and infrastructure contributing to patent operations; \$61 million for activities related to patent appeals and the new AIA *inter partes* dispute actions; \$30 million for activities related to IP protection, policy, and enforcement; and \$363 million for general support costs necessary for patent operations (e.g., rent, utilities, legal, financial, human resources, and other administrative services). In addition, the Office estimates collecting \$18 million in other income associated with reimbursable agreements (offsets to spending) and depositing \$73 million during FY 2013 toward the cost of building the patent operating reserve to sustain operations. The operating reserve estimate in this NPRM is different than the estimate included in the Budget. The estimate included in the Budget is consistent with the estimate included in the initial proposal to PPAC on February 7, 2012, and has been reduced in this NPRM in response to public feedback provided to the PPAC. A detailed description of the operating requirements and related aggregate cost is located in the Budget. Table 2 below provides key underlying production workload projections and assumptions from the Budget used to calculate aggregate cost. Table 3 presents the total budgetary requirements (prospective aggregate cost) for FY 2013 through FY 2017.

TABLE 2—PATENT PRODUCTION WORKLOAD PROJECTIONS—FY 2013–FY 2017

Utility, plant, and reissue (UPR)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Applications*	565,300	599,200	632,200	666,900	700,300
Growth Rate**	6.0%	6.0%	5.5%	5.5%	5.0%
Production Units	620,600	671,900	694,200	645,200	656,200
End of Year Backlog	529,100	421,600	329,500	328,400	358,000
Examination Capacity**	8,700	8,600	8,300	8,300	8,200
Performance Measures (UPR)					
Avg. First Action Pendency (Months)	16.9	15.9	10.1	9.4	9.4
Avg. Total Pendency (Months)	30.1	24.6	22.9	18.3	18.1

\* In this table, the patent application filing data includes requests for continued examination (RCEs).

\*\* In this table, demand for patent examination services, which is used to calculate aggregate cost in the FY 2013 President's Budget, is not adjusted for price elasticity.

TABLE 3—ESTIMATED ANNUAL AGGREGATE COSTS AND PROPOSED FEE SCHEDULE AGGREGATE REVENUES

	(Dollars in millions)					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Aggregate Cost Estimate						
Planned Operating Requirements .....		\$2,549	\$2,702	\$2,809	\$2,846	\$2,945
Less Other Income* .....		(18)	(18)	(18)	(18)	(18)
Net Operating Requirements .....		2,531	2,684	2,791	2,828	2,927
Planned Deposit in Operating Reserve ...		73	200	143	125	95
Total Aggregate Cost Estimate .....		2,604	2,884	2,934	2,953	3,022
Aggregate Revenue Estimate** .....		2,604	2,884	2,934	2,953	3,022
Cumulative Operating Reserve Balance						
Target Operating Reserve .....		637	676	702	712	736
Operating Reserve Ending Balance .....	\$121	194	394	537	662	757
Over/(Under) Target Balance .....		(443)	(282)	(165)	(50)	21

\* The Office collects other income associated with reimbursable agreements (offsets to spending) and recoveries of funds obligated in prior years in the amount of approximately \$18 million each year.

\*\* The proposed fee schedule will generate less revenue compared to the FY 2013 President's Budget in an effort to slow the growth of the operating reserve over the next five years.

### Step 2: Calculate Prospective Aggregate Revenue

As described in “Step 1,” the USPTO’s FY 2013 requirements-based budget includes the aggregate prospective cost of planned production, new initiatives, and an operating reserve required for the Office to realize its strategic goals and objectives for the next five years. The aggregate prospective cost becomes the target aggregate revenue level that the new fee schedule must generate in a given year and over the five-year planning horizon. To calculate the aggregate revenue estimates, the Office first analyzes relevant factors and indicators to calculate or determine prospective fee workload (e.g., number of applications and requests for services and products), growth, and resulting fee workload volumes (quantities) for the five-year planning horizon. Economic activity is an important consideration when developing workload and revenue forecasts for the USPTO’s products and services because economic conditions affect patenting activity, as most recently exhibited in the recession of 2009 when incoming workloads and renewal rates declined.

The Office considers economic activity when developing fee workloads and aggregate revenue forecasts for its products and services. Major economic indicators include the overall condition of the U.S. and global economies, spending on research and development activities, and investments that lead to the commercialization of new products and services. The most relevant economic indicator that the Office uses is the RGDP, which is the broadest measure of economic activity and is anticipated to grow approximately three percent for FY 2013 based on OMB and CBO estimates.

These indicators correlate with patent application filings, which are a key driver of patent fees. Economic indicators also provide insight into market conditions and the management of IP portfolios, which influence application processing requests and post-issuance decisions to maintain patent protection. When developing fee workload forecasts, the Office considers other influential factors including overseas activity, policies and legislation, 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 action means how sensitive applicants and patentees are to fee amounts or price changes. If elasticity is low enough (i.e., demand is *inelastic*), when fees increase, patent activities will decrease only slightly in response thereto, and overall revenues will still increase. Conversely, if elasticity is high enough (i.e., demand is *elastic*), when fees increase, patenting activities will decrease significantly enough in response thereto 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. Additional detail about the Office’s elasticity estimates is available in “USPTO Section 10 Fee Setting—Description of Elasticity Estimates,” at [http://www.uspto.gov/aia\\_implementation/fees.jsp](http://www.uspto.gov/aia_implementation/fees.jsp). Some of the information on which the Office based its elasticity estimates are copyrighted materials and are available for inspection at the USPTO.

### Micro Entity Applicants

The introduction of a new class of applicants, called micro entities, requires a change to aggregate revenue estimations, and the Office has refined its workload and fee collection estimates to include this new applicant class. See 35 U.S.C. 123; see also Changes to Implement Micro Entity Status for Paying Patent Fees, 77 FR 31806 (May 30, 2012). 35 U.S.C. 123, which sets forth how an applicant can claim the micro entity discount, provides two bases under which an applicant may establish micro entity status.

First, section 123(a) provides that the term “micro entity” means an applicant who makes a certification that the applicant: (1) Qualifies as a small entity as defined in 37 CFR 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), or international applications for which the basic national fee under 35 U.S.C. 41(a) 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 exceeding three times the median household income for that preceding calendar year; 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 that had a gross income exceeding the income limit described in (3).

Second, 35 U.S.C. 123(d) provides that a micro entity shall also include an applicant who certifies that: (1) The applicant’s employer, from which the applicant obtains the majority of the

applicant's income, is an institution of higher education as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)); 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.

The Office estimates that when micro entity discounts on patent fees are available, 31 percent of small entity applications will be micro entity applications, under the criteria set forth in section 123(a) and (d). In making this estimate, the Office considered several factors, including historical data on patents granted. The Office began with patent grant data, because the best available biographic data on applicant type (e.g., independent inventor and domestic universities) comes from patent grant data in the Office's database.

The Office first estimated the number of individuals who were granted patents in FY 2011. There were 221,350 utility patents granted in FY 2011 as reported in the *FY 2011 USPTO Performance and Accountability Report (PAR)*. The PAR is available for review at <http://www.uspto.gov/about/stratplan/ar/2011/index.jsp>. The Office's Patent Technology Monitoring Team (PTMT) provides data showing the split between domestic and foreign patent grants. (It should be noted that PTMT's data is based on the calendar year not the fiscal year.) PTMT's data is available at [http://www.uspto.gov/web/offices/ac/ido/oeip/taf/all\\_tech.htm#PartA1\\_1b](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/all_tech.htm#PartA1_1b). From this data, the Office found that 5.0 percent of utility patents granted in FY 2011 were granted to individuals in the U.S. and 1.9 percent were granted to individuals from other countries, where the individuals were not listed in the USPTO database as associated with a company. These individuals would likely meet the criteria under section 123(a)(1) (small entity status). Using this information, the Office estimates that individuals in the U.S. received 11,068 utility patents (221,350 times 5.0 percent) in FY 2011, and that individuals from other countries received 4,206 utility patents (221,350 times 1.9 percent). In total, the Office estimates that 15,274 (11,068 plus 4,206) patents were granted to individuals in FY 2011.

Concerning the application threshold in 35 U.S.C. 123(a)(2), the Office's Patent Application Locating and Monitoring (PALM) database reports that 62 percent of both foreign and domestic small entity applicants filed fewer than 5 applications in FY 2009.

As stated above, an estimated 15,274 patent grants were to individuals both domestic (11,068) and foreign (4,206). Using this information, the Office estimates that 6,862 (11,068 times 62 percent) patents will be granted to domestic applicants who meet the thresholds for micro entity status set forth in sections 123(a)(1) and 123(a)(2), while 2,608 (4,206 times 62 percent) patents will be granted to foreign applicants who meet the same thresholds.

Concerning the income threshold in 35 U.S.C. 123(a)(3), the median household income for calendar year (CY) 2010 (the year most recently reported by the Bureau of the Census) was \$49,445. *See Income, Poverty, and Health Insurance Coverage in the United States: 2010*, at 5 and 33 (Table A-1) (Sept. 2011) available at <http://www.census.gov/prod/2011pubs/p60-239.pdf>. (The Office will indicate conspicuously on its Web site the median household income reported by the Bureau of the Census and the income level that is three times the median household income for the calendar year most recently reported.) Thus, the income level specified in 35 U.S.C. 1.29(a)(3) and (a)(4) (three times the median household income) is \$148,335.

The Internal Revenue Service (IRS) records show that in 2009 about 97 percent of individuals (as proxied by the total number of IRS form filings) reported adjusted gross income of less than \$200,000, and about 87 percent of individuals reported adjusted gross income of less than \$100,000. *See Table 1.1 at: http://www.irs.gov/taxstats/indtaxstats/article/0,,id=96981,00.html*. Using this information, the Office estimates that 6,656 (6,862 times 97 percent) of patents granted to individuals from the U.S. will be for individuals under the gross income threshold of the micro entity definition (\$148,335 for CY 2010). The Office uses 97 percent as the best available estimate of the maximum number of individuals who satisfy the income limit. Median household income and gross income levels are not readily available for the country of origin for all foreign individuals. Therefore, the Office conservatively estimates that all foreign individuals will qualify for micro entity fee reductions, and income should not limit their eligibility. Using the best available data, as presented above, the Office estimates that the total number of individuals who meet the thresholds set forth in 123(a)(1), (a)(2), and (a)(3) is 9,264 (6,656 from the U.S. and 2,608 foreign).

The 9,264 figure represents a reasonable approximation of the number of patents granted annually to persons who would qualify as micro entities under section 123(a). There is no data available to indicate how many persons would be excluded under section 123(a)(4). However, the Office's approach with the other components of section 123(a) is sufficiently conservative to mitigate the risks of not capturing this population. Likewise, while a small company could qualify as a micro entity under section 123(a), the above calculation of individuals represents a reasonable overall approximation because the estimate of affected individuals is sufficiently conservative.

Turning to 35 U.S.C. 123(d), the most recent data available on university patent grants is from CY 2008. Reviewing the data from CY 2001–CY 2008, the Office estimates that domestic universities account for approximately 1.9 percent of all patent grants. The Office is using this figure as a reasonable approximation for the number of micro entity applicants expected under section 123(d), which covers applicants who are employed by universities or who have assigned their invention to a university. Applying this information to FY 2011, the Office estimates that universities received 4,206 (221,350 times 1.9 percent) of the patents granted in FY 2011. The data on university patent grants is available at: [http://www.uspto.gov/web/offices/ac/ido/oeip/taf/univ/asgn/table\\_1\\_2008.htm](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/univ/asgn/table_1_2008.htm).

To combine 123(a) and 123(d), the Office adds the estimated number of patents granted that could meet the micro entity definition for individuals (9,264) and for university employees (4,206) to obtain a total of 13,470 patent grants. The Office divides 13,470 micro entity patents by the 43,827 small entity patents in FY 2011 (per the Office's PALM database) to calculate that approximately 31 percent of small entity patents will be micro entity patents. The Office expects a uniform distribution of micro entities across all application types. No data exists to suggest otherwise. Likewise, the Office applies the 31 percent estimate to both filings and grants because it expects a uniform distribution of micro entities among both applicants and patentees, and no data exists to suggest otherwise. Thus, the Office estimates that 31 percent of all small entity applicants will qualify as micro entity applicants.

In recent years, small entity applicants made up approximately 25 percent of utility filings and 20 percent of utility patent grants (per the PALM

database). Given that utility filings are the largest category of application types, for forecasting purposes, the Office uses utility filing data as representative of the universe of patent application filings. Applying the 31 percent estimate for the number of micro entities, the Office estimates that micro entities will account for 7.8 percent (25 percent times 31 percent) of all filings, and 6.2 percent (20 percent times 31 percent) of all grants.

#### Aggregate Revenue Estimate Ranges

To calculate aggregate revenue, the USPTO prepares a high-to-low range of fee collection estimates that includes a +/- 5 outer bounds to account for: the inherent uncertainty, sensitivity, and volatility of predicting fluctuations in the economy and market environment; interpreting policy and process efficiencies; and developing fee workload and fee collection estimates from assumptions. The Office used 5 percent because historically the Office's actual revenue collections have typically been within 5 percent of the projected revenue. Additional detail about the Office's aggregate revenue, including projected workloads by fee, is available in "*USPTO Section 10 Fee Setting—Aggregate Revenue Estimates Alternative 1: Proposed Alternative—Set and Adjust Section 10 Fees*" available at [http://www.uspto.gov/aia\\_implementation/fees.jsp](http://www.uspto.gov/aia_implementation/fees.jsp).

#### Summary

Patent fees are collected for patent related services and products at different points in time within the patent application examination process and over the life of the pending patent application and granted patent. Approximately half of all patent fee collections are from issue and maintenance fees, which subsidize 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, such as additional examining staff and overtime. The resulting reduction in production activities creates an out-year revenue impact because less production output in one year results in fewer issue and maintenance fee payments in future years.

The USPTO's five-year estimated aggregate patent fee revenue (*see* "Aggregate Revenue Estimate" in Table 3) is based on the number of patent applications it expects to receive for a given fiscal year, work it expects to process in a given fiscal year (an

indicator for workload of patent issue fees), 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 fees 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 fees by appropriate workload volumes to calculate a revenue estimate for each fee. To calculate the aggregate revenue, the Office assumes that all new fee rates, except for changes to sections 1.18(a) through (d) (patent issue and publication fees) and 1.21(h)(1) and 1.21(h)(2) (recording patent assignments), would be effective March 1, 2013. Fee changes for sections 1.18(a) through (d) (patent issue and publication fees) and 1.21(h)(1) and 1.21(h)(2) (recording patent assignments) are assumed to become effective on January 1, 2014. Using these figures, the USPTO sums the individual fee revenue estimates, and the result is a total aggregate revenue estimate for a given year (*see* Table 3).

#### Step 3: Set Specific Fee Amounts

Once the Office finalizes the annual requirements and aggregate prospective costs for a given year during the budget formulation process, the Office sets specific fee amounts that, together, will derive the aggregate revenue required to recover the estimated aggregate prospective costs during that time frame. Calculating individual fees is an iterative process that encompasses many variables. One variable that USPTO considers to inform fee setting is the historical cost estimates associated with individual fees. The Office's Activity-Based Information (ABI) provides historical cost for an organization's activities and outputs by individual fee using the activity-based costing (ABC) methodology. ABC is commonly used for fee setting throughout the Federal Government. Additional information about the methodology, including the cost components related to respective fees, is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1) in the document titled "*USPTO Section 10 Fee Setting—Activity-Based Information and Costing Methodology*." The USPTO provides data for FY 2009–FY 2011 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.

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 calculate the cost of a new activity or service. For example, as described in the proposed rulemaking, Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act, 77 FR 3666 (Jan. 25, 2012), the Office used the ABI historical cost for *ex parte* reexamination procedures as a starting point for calculating the prospective cost to implement the new supplemental examination procedures.

In other cases, ABI historical cost information related to similar processes are not available, and the Office estimates cost by calculating the resources necessary to execute the new process. To do so, the Office estimates the amount of time (in hours) and necessary skill level to complete an activity. The USPTO then multiplies the estimated amount of time by the hourly wage(s) of the persons required at each skill level and adds the administrative and indirect cost rates (derived from ABI historical cost data) to this base cost estimate to calculate the full cost of the activity. One-time costs, such as IT, training, or facilities, are added to the full cost estimate to obtain the total cost of providing the new process or service. Lastly, the USPTO applies a rate of inflation to estimate the prospective unit cost. For example, the Office used this methodology to calculate the costs associated with the new *inter partes* and post grant review processes. (*See* 77 FR 6879, (Feb. 9, 2012).

This cost data serves as a point of reference for setting individual fee amounts. The USPTO also uses various policy factors discussed in the Rulemaking Goals and Strategies section of this NPRM to inform fee setting. Fees are set to allow the Office to recover its aggregate costs, while furthering key policy considerations. The following section describes the rationale for setting fee rates at specific amounts.

#### V. Individual Fee Rationale

The Office projects the aggregate revenue generated from the proposed patent fees will recover the prospective aggregate cost of its patent operations. However, each individual proposed fee is not necessarily set equal to the estimated cost of performing the activities related to the fee. Instead, as described in *Part III. Rulemaking Goals and Strategies*, some of the proposed fees are set to balance several key policy factors: *fostering innovation, facilitating effective administration of the patent*

system, and offering patent prosecution options to applicants. As also described in Part III, executing these policy factors in the patent fee schedule is consistent with the *Strategy for American Innovation* and the goals and objectives outlined in the Strategic Plan. Once the key policy factors are considered, fees are set at, above, or below individual cost recovery levels for the activity or service provided.

For the purpose of discussing the changes in this rule, the rationale for proposing to set or adjust individual fees are grouped into two major categories: (1) Fees where large entity amounts changed from the current amount by greater than plus or minus 5 percent and 10 dollars (described below in section (A)); and (2) fees where large entity amounts stayed the same or did not change by greater than plus or minus 5 percent and 10 dollars (described below in section (B)). 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 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 of that of the large entity change. Therefore, there will never be an instance where the small entity fee change meets the greater than plus or minus 5 percent and 10 dollars criteria and a large entity does not.

The “USPTO Section 10 Fee Setting—Table of Patent Fee Changes” is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp](http://www.uspto.gov/aia_implementation/fees.jsp) and the tables in Part VI. The table of patent fee changes includes the current fees for large and small entities and the proposed fees for large, small, and micro entities with the dollar and percent changes in large entity fees and the FY 2011, FY 2010, and FY 2009 unit costs. The Discussion of Specific Rules in this rulemaking contains a complete listing of fees that are set or adjusted in the proposed patent fee schedule.

#### A. Discounts for Small and Micro Entity Applicants

The fees described below include discounts for small and micro entity applicants as required by section 10. The current small entity discount

scheme will change when fees are set in accordance with section 10. That is, section 10(a) provides that the USPTO can set or adjust “any fee established, authorized or charged under” Title 35, U.S.C. In turn, section 10(b) of the Act provides that fees set or adjusted under section 10(a) authority for “filing, searching, examining, issuing, appealing, and maintaining patent applications and patents” will be reduced by 50 percent for small entities and 75 percent for micro entities. A small entity is defined as currently set forth in 35 U.S.C. 41(h)(1), and a micro entity is defined in section 123.

Currently, the small entity discount is only available for statutory fees provided under sections 41(a) and (b). Section 10(b) extends the discount to some patent fees not contained in section 41(a) and (b). Thus, the Office will apply the discount to a number of fees that currently do not receive the small entity discount. Only one fee for which a small entity discount is currently offered will be ineligible for that discount under the proposed fee schedule (the fee for a statutory disclaimer under 37 CFR 1.20(d), which is currently \$160 for a large entity and \$80 for a small entity), because the particular fee does not fall under one of the six categories of patent fees set forth in section 10(b).

Additionally, the new contested case proceedings created under the Act (*inter partes* review, post grant review, covered business method patent review, and derivation proceedings) are trial services, not appeals. As such, the fees for these services do not fall under any of the six categories under section 10(b), and therefore are not eligible for discounts. Appeals before the BPAI involve contests to an examiner’s findings. The new trial services, however, determine whether a patent should have been granted. They involve discovery, including cross-examination of witnesses. Further, the AIA amends sections of Title 35 that specifically reference “appeals,” while separately discussing *inter partes* review, post grant review, and derivation proceedings, highlighting that these new services are not appeals. See section 7 of the AIA (amending 35 U.S.C. 6).

#### B. Fees With Proposed Changes of Greater Than Plus or Minus 5 Percent and 10 Dollars

For those fees that are proposed to change by greater than plus or minus 5 percent and 10 dollars, the individual fee rationale discussion is divided into four general subcategories: (1) Fees to be set at cost recovery; (2) fees to be set below cost recovery; (3) fees to be set above cost recovery; and (4) fees that are not set using cost data as an indicator. Table 4 contains a summary of the individual fees that are discussed in each of the subcategories referenced above.

As discussed above, for purposes of comparing amounts in the individual fee rationale discussion, the Office has also included the fees proposed previously using the USPTO’s existing 35 U.S.C. 41(d)(2) fee authority in the baseline (status quo). See 77 FR 982 (Jan. 6, 2012), 77 FR 3666 (Jan. 25, 2012), 77 FR 6879 (Feb. 9, 2012), 77 FR 7028 (Feb. 10, 2012), and 77 FR 7060 (Feb. 10, 2012). The fees proposed in these January and February 2012 Proposed Rules (as adjusted by the final rules) are included in the “current” fee column and denoted with (\*). This NPRM does not reopen the comment period for any of the January and February 2012 Proposed Rules. It is anticipated that those rules will be finalized in the coming months. This NPRM establishes a different comment period for setting or adjusting all patent fees under section 10 of the AIA. The Office anticipates finalizing this rulemaking after the January and February 2012 Proposed Rules are finalized.

In addition, for purposes of discussion within this section, where new micro entity fees are proposed, it is expected that an applicant or patent holder would have paid the current small entity fee (or large entity in the event there is not a small entity fee) and dollar and percent changes are calculated from the current small entity fee amount (or large entity fee, where applicable).

It should be noted that the “Utility Search Fee” listed below does not meet the “change by greater than plus or minus 5 percent and 10 dollars” threshold, but is nonetheless included in the discussion for comparison of total filing, search, and examination fees.

TABLE 4—PATENT FEES PROPOSED TO CHANGE  
 [By greater than plus or minus 5 percent and 10 dollars]

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
<b>(1) Fees To Be Set at Cost Recovery</b>				
Request for Prioritized Examination .....	\$4,800 (\$2,400) [N/A]	\$4,000 (\$2,000) [\$1,000]	-\$800 (-\$400) [-\$1,400]	-17% (-17%) [-58%]
Second and Subsequent RCEs (NEW) .....	\$930 (\$465) [N/A]	\$1,700 (\$850) [\$425]	+\$770 (+\$385) [-\$40]	+83% (+83%) [-9%]
<b>(2) Fees To Be Set Below Cost Recovery</b>				
Basic Filing Fee—Utility .....	\$380 (\$190) [N/A]	\$280 (\$140) [\$70]	-\$100 (-\$50) [-\$120]	-26% (-26%) [-63%]
Utility Search Fee .....	\$620 (\$310) [N/A]	\$600 (\$300) [\$150]	-\$20 (-\$10) [-\$160]	-3% (-3%) [-52%]
Utility Examination Fee .....	\$250 (\$125) [N/A]	\$720 (\$360) [\$180]	+\$470 (+\$235) [+\$55]	+188% (+188%) [+44%]
<i>Basic Filing, Search, and Exam—Utility (Total)</i> .....	<i>\$1,250</i> <i>(\$625)</i> <i>[N/A]</i>	<i>\$1,600</i> <i>(\$800)</i> <i>[\$400]</i>	<i>+\$350</i> <i>(+\$175)</i> <i>[-\$225]</i>	<i>+28%</i> <i>(+28%)</i> <i>[-36%]</i>
First Request for Continued Examination (RCE) .....	\$930 (\$465) [N/A]	\$1,200 (\$600) [\$300]	+\$270 (+\$135) [-\$165]	+29% +29% [-35%]
Notice of Appeal .....	\$620 (\$310) [N/A]	\$1,000 (\$500) [\$250]	+\$380 (+\$190) [-\$60]	+61% (+61%) [-19%]
Filing a Brief in Support of an Appeal in Application or <i>Ex Parte</i> Reexamination Proceeding .....	\$620 (\$310) [N/A]	\$0 (\$0) [\$0]	-\$620 (-\$310) [-\$310]	-100% (-100%) [-100%]
Appeal Forwarding Fee for Appeal in Examination or <i>Ex Parte</i> Reexamination Proceeding or Filing a Brief in Support of an Appeal in <i>Inter Partes</i> Reexamination (NEW) .....	N/A (N/A) [N/A]	\$2,000 (\$1,000) [\$500]	+\$2,000 (+\$1,000) [+\$500]	N/A (N/A) [N/A]
<i>Total Appeal Fees (Paid before Examiner Answer)</i> .....	<i>\$1,240</i> <i>(\$620)</i> <i>[N/A]</i>	<i>\$1,000</i> <i>(\$500)</i> <i>[\$250]</i>	<i>-\$240</i> <i>(-\$120)</i> <i>[-\$370]</i>	<i>-19%</i> <i>(-19%)</i> <i>[-60%]</i>
<i>Total Appeal Fees (Paid after Examiner Answer)</i> .....	<i>\$1,240</i> <i>(\$620)</i> <i>[N/A]</i>	<i>\$3,000</i> <i>(\$1,500)</i> <i>[\$750]</i>	<i>+\$1760</i> <i>(+\$880)</i> <i>[\$130]</i>	<i>+142%</i> <i>(+142%)</i> <i>[+21%]</i>
<i>Ex Parte</i> Reexamination .....	*\$17,750 (N/A) [N/A]	\$15,000 (\$7,500) [\$3,750]	-\$2,750 (-\$10,250) [-\$14,000]	-15% (-58%) [-79%]
Processing and Treating a Request for Supplemental Examination—Up to 20 Sheets (NEW) .....	*\$5,140 (N/A) [N/A]	\$4,400 (\$2,200) [\$1,100]	-\$740 (-\$2,940) [-\$4,040]	-14% (-57%) [-79%]
<i>Ex Parte</i> Reexamination Ordered as a Result of a Supplemental Examination Proceeding (NEW) .....	*\$16,120 (N/A) [N/A]	\$13,600 (\$6,800) [\$3,400]	-\$2,520 (-\$9,320) [-\$12,720]	-16% (-58%) [-79%]
<i>Total Supplemental Examination Fees</i> .....	<i>*\$21,300</i>	<i>\$18,000</i>	<i>-\$3,330</i>	<i>-15%</i>

TABLE 4—PATENT FEES PROPOSED TO CHANGE—Continued

[By greater than plus or minus 5 percent and 10 dollars]

Fee description	Current fees		Proposed fees		Dollar change	Percent change
	Large (small) [micro] entity					
	(N/A) [N/A]	(\$9,000) [\$4,500]	(-\$12,300) [-\$16,800]		(-58%) [-79%]	
<i>Inter Partes</i> Review Request—Up to 20 Claims (Per Claim Fee for Each Claim in Excess of 20 is \$200) .....	NEW	\$9,000 (N/A) [N/A]	+\$9,000 (N/A) [N/A]		N/A (N/A) [N/A]	
<i>Inter Partes</i> Review Post Institution Fee—Up to 15 Claims (Per Claim Fee for Each Claim in Excess of 15 is \$400) .....	NEW	\$14,000 (N/A) [N/A]	\$14,000 (N/A) [N/A]		N/A (N/A) [N/A]	
<i>Total Inter Partes Review Fees (NEW) (For Current Fees, Per Claim Fee for Each Claim in Excess of 20 is \$600) .....</i>	*\$27,200 (N/A) [N/A]	\$23,000 (N/A) [N/A]	-\$4,200 (N/A) [N/A]		-15% (N/A) [N/A]	
Post Grant Review or Covered Business Method Patent Review Request—Up to 20 Claims (Per Claim Fee for Each Claim in Excess of 20 is \$250) .....	NEW	\$12,000 (N/A) [N/A]	+\$12,000 (N/A) [N/A]		N/A (N/A) [N/A]	
Post Grant Review or Covered Business Method Patent Review Post Institution Fee—Up to 15 Claims (Per Claim Fee for Each Claim in Excess of 15 is \$550) .....	NEW	\$18,000 (N/A) [N/A]	\$18,000 (N/A) [N/A]		N/A (N/A) [N/A]	
<i>Total Post Grant Review or Covered Business Method Patent Fees (NEW) (For Current Fees, Per Claim Fee for Each Claim in Excess of 20 is \$800) .....</i>	*\$35,800 (N/A) [N/A]	\$30,000 (N/A) [N/A]	-\$5,800 (N/A) [N/A]		-16% (N/A) [N/A]	

**(3) Fees To Be Set Above Cost Recovery**

Publication Fee for Early, Voluntary, or Normal Publication (Pre Grant Publication or PG Pub) .....	\$300 (N/A) [N/A]	\$0 (\$0) [\$0]	-\$300 (-\$300) [-\$300]		-100% (-100%) [-100%]	
Utility Issue Fee .....	\$1,740 (\$870) [N/A]	\$960 (\$480) [\$240]	-\$780 (-\$390) [-\$630]		-45% (-45%) [-72%]	
<i>Combined Total—Pre-grant Publication and Issue Fee—Utility .....</i>	\$2,040 (\$1,170) [N/A]	\$960 (\$480) [\$240]	-\$1,080 (-\$690) [-\$930]		-53% (-59%) [-79%]	
Maintenance Fee Due at 3.5 Years (1st Stage) .....	\$1,130 (\$565) [N/A]	\$1,600 (\$800) [\$400]	+\$470 (+\$235) [-\$165]		+42% (+42%) [-29%]	
Maintenance Fee Due at 7.5 Years (2nd Stage) .....	\$2,850 (\$1,425) [N/A]	\$3,600 (\$1,800) [\$900]	+\$750 (+\$375) [-\$525]		+26% (+26%) [-37%]	
Maintenance Fee Due at 11.5 Years (3rd Stage) .....	\$4,730 (\$2,365) [N/A]	\$7,400 (\$3,700) [\$1,850]	+\$2,670 (+\$1,335) [-\$515]		+56% (+56%) [-22%]	

**(4) Fees That Will Not Be Set Using Cost Data as an Indicator**

Extensions for Response within 1st Month .....	\$150 (\$75) [N/A]	\$200 (\$100) [\$50]	+\$50 (+\$25) [-\$25]		+33% (+33%) [-33%]	
Extensions for Response within 2nd Month .....	\$560 (\$280)	\$600 (\$300)	+\$40 (+\$20)		+7% (+7%)	

TABLE 4—PATENT FEES PROPOSED TO CHANGE—Continued

[By greater than plus or minus 5 percent and 10 dollars]

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
	[N/A]	[\$150]	[−\$130]	[−46%]
Extensions for Response within 3rd Month .....	\$1,270 (\$635) [N/A]	\$1,400 (\$700) [\$350]	+\$130 (+\$65) [−\$285]	+10% (+10%) [−45%]
Extensions for Response within 4th Month .....	\$1,980 (\$990) [N/A]	\$2,200 (\$1,100) [\$550]	+\$220 (+\$110) [−\$440]	+11% (+11%) [−44%]
Extensions for Response within 5th Month .....	\$2,690 (\$1,345) [N/A]	\$3,000 (\$1,500) [\$750]	+\$310 (+\$155) [−\$595]	+12% (+12%) [−44%]
Utility Application Size Fee—For each Additional 50 Sheets that Exceed 100 Sheets .....	\$310 (\$155) [N/A]	\$400 (\$200) [\$100]	+\$90 (+\$45) [−\$55]	+29% (+29%) [−35%]
Independent Claims in Excess of 3 .....	\$250 (\$125) [N/A]	\$420 (\$210) [\$105]	+\$170 (+\$85) [−\$20]	+68% (+68%) [−16%]
Claims in Excess of 20 .....	\$60 (\$30) [N/A]	\$80 (\$40) [\$20]	+\$20 (+\$10) [−\$10]	+33% (+33%) [−33%]
Multiple Dependent Claim .....	\$450 (\$225) [N/A]	\$780 (\$390) [\$195]	+\$330 (+\$165) ≤[−\$30]	+73% (+73%) [−13%]
Correct Inventorship After First Action on the Merits (NEW) .....	N/A (N/A) [N/A]	\$1,000 (\$500) [\$250]	+\$1,000 (+\$500) [+\$250]	N/A (N/A) [N/A]
Derivation Petition Fee (NEW) .....	*\$400 (N/A) [N/A]	\$400 (N/A) [N/A]	\$0 (N/A) [N/A]	0% (N/A) [N/A]
Derivation Institution and Trial Fee (NEW) .....	N/A (N/A) [N/A]	\$0 (\$0) [\$0]	\$0 (\$0) [\$0]	N/A (N/A) [N/A]
Assignments Submitted Electronically (NEW) .....	\$40 (N/A) [N/A]	\$0 (N/A) [N/A]	−\$40 (N/A) [N/A]	−100% (N/A) [N/A]
Assignments Not Submitted Electronically (NEW) .....	\$40 (N/A) [N/A]	\$40 (N/A) [N/A]	\$0 (N/A) [N/A]	0% (N/A) [N/A]

## (1) Fees To Be Set at Cost Recovery

The following two fees are set at cost recovery. These fees support the policy

factor of “*offering patent prosecution options to applicants*” by providing applicants with flexibilities in seeking

patent protection. A discussion of the rationale for the proposed changes follows.

Request for Prioritized Examination:

TABLE 5—REQUEST FOR PRIORITIZED EXAMINATION FEE CHANGES

Fee information	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Request for Prioritized Examination .....	\$4,800 (\$2,400) [N/A]	\$4,000 (\$2,000) [\$1,000]	-\$800 (-\$400) [-\$1,400]	-17% (-17%) [-58%]

TABLE 6—REQUEST FOR PRIORITIZED EXAMINATION COST INFORMATION

Cost information	FY 2011
Cost Calculation is available in the proposed rule published in the <b>Federal Register</b> Changes To Implement the Prioritized Examination Track (Track I) of the Enhanced Examination Timing Control Procedures, 76 FR 6369 (Feb. 4, 2011) .....	\$4,000

A patent applicant may seek prioritized examination at the time of filing an original utility or plant application or a continuation application thereof or upon filing an RCE in compliance with section 1.114. A single request for prioritized examination may be granted for an RCE in a plant or utility application. When in the prioritized examination track, an application will be accorded special status during prosecution until a final disposition is reached. The target for prioritized examination is to provide a final disposition within twelve months, on average, of prioritized status being granted. This prioritized examination procedure is part of an effort by the USPTO to provide *patent applicants patent prosecution options* with greater control over the timing of examination of their applications. The procedure enables applicants to have greater certainty in their patent rights sooner.

The AIA established the current large and small entity fees for prioritized

examination, which the Office put in place in 2011. *See* Changes To Implement the Prioritized Examination Track (Track I) of the Enhanced Examination Timing Control Procedures Under the Leahy-Smith America Invents Act, 76 FR 59050 (Sept. 23, 2011). The large entity fee is above the Office's cost to process a single prioritized examination request to subsidize the fee revenue lost from providing small entity applicants a 50 percent discount from the large entity fee. The cost calculation for the prioritized examination fees is available in the proposed rule. *See* Changes To Implement the Prioritized Examination Track (Track I) of the Enhanced Examination Timing Control Procedures, 76 FR 6369 (Feb. 4, 2011). The higher large entity fee, coupled with the lower small entity fee, recovers the Office's total cost for conducting all prioritized examinations.

Under section 10, micro entities are eligible to receive a 75 percent discount from the large entity fee for prioritized

examination. Here, the Office proposes to set the large entity fee at cost (\$4,000), instead of further increasing the fee to subsidize the new micro entity discount. This amount is the same as that which was proposed in the initial fee schedule delivered to the PPAC on February 7, 2012. The Office proposes to recover this subsidy through other fees that will be set above cost recovery, rather than through a separate, higher, large entity fee for prioritized examinations. The Office believes this system will *foster innovation* and allow for ease of entry into the patent system. Setting the large entity prioritized examination fee further above cost would contradict this policy factor and hinder fast patent protection for large entity applicants.

*Request for Continued Examination (RCE)—Second and Subsequent Request (New):*

TABLE 7—SECOND AND SUBSEQUENT REQUEST FOR CONTINUED EXAMINATION (RCE) FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Second and Subsequent Requests for Continued Examination (RCE) (NEW) .....	\$930 (\$465) [N/A]	\$1,700 (\$850) [\$425]	+\$770 (+\$385) [-\$40]	+83% (+83%) [-9%]

TABLE 8—REQUEST FOR CONTINUED EXAMINATION (RCE) HISTORICAL COST INFORMATION

Historical unit cost information	FY 2011	FY 2010	FY 2009
Request for Continued Examination (RCE) .....	\$2,070	\$1,696	\$1,881
Percentage of RCE cost compared to the cost to process a new application .....	60%	43%	51%

TABLE 8—REQUEST FOR CONTINUED EXAMINATION (RCE) HISTORICAL COST INFORMATION—Continued

Historical unit cost information	FY 2011	FY 2010	FY 2009
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The historical unit cost information is calculated by subtracting the cost to complete a single application with no RCEs from the cost to complete a single application with one RCE. A description of the cost components is available for review in the “Section 10 Fee Setting—Activity-Based Information and Costing Methodology” document. It is reasonable to expect that the cost to the Office to complete a single RCE should be less than the cost to complete a new application because an RCE is continuing from work already performed on the original application. The Office’s historical cost data demonstrates this, with the cost to process an RCE being, on average, half of the cost to prosecute a new application.

An applicant may file an RCE in an application that is under final rejection (i.e., prosecution is closed) by filing a submission and paying a specified fee within the requisite time period. Applicants typically file an RCE when they choose to continue to prosecute an application before the examiner, rather than appeal a rejection or abandon the application. In FY 2011, about 30 percent of applications filed were for RCEs. Generally, around 70 percent of RCE applications filed in a year are for first RCEs and the remaining 30 percent are a second or subsequent RCE. Given this data, it is reasonable to expect that most outstanding issues are resolved with the first RCE. Those applications that cannot be completed with the first RCE do not facilitate an effective administration of the patent system with the prompt conclusion of patent prosecution.

On February 7, 2012, the Office delivered to the PPAC a proposed RCE fee of \$1,700. In response to stakeholder feedback on both the individual fee level and the growth rate of the patent operating reserve, the Office now proposes to divide the fee for RCEs into two parts: (1) A fee for a first RCE; and (2) a second, higher fee for a second or subsequent RCE. The Office proposes this RCE fee division because, as noted above, based on historical cost information, 70 percent of RCEs are for the first RCE, which indicates that applicants need modest additional time to resolve the outstanding issues with the examiner. The proposed multipart RCE fees demonstrate how the Office seeks to facilitate the effective administration of the patent system and

*offer patent prosecution options to applicants.*

The large entity fee for the first RCE would be set about 30 percent below cost recovery at \$1,200 to advance innovation by easing the burden on an applicant needing to resolve the outstanding items with an examiner. The Office proposes to set the fee for the second and subsequent RCEs at the same amount as initially delivered to PPAC, i.e., \$1,700, which is estimated to be at cost recovery. Setting the second and subsequent RCE fees higher than the fee for the first RCE helps to recover costs for activities that strain the patent system.

The USPTO calculated the large entity cost at \$1,700 (rounded) by averaging historical costs after estimating the incremental cost to complete a single application with one RCE compared to the cost to complete an application with no RCE. The Office used a three-year average to estimate the cost of a single RCE in lieu of using only FY 2011 data, because the trend in historical data shows that the cost to process an RCE increased in FY 2011, and the Office believes this increase is due to an anomaly caused by the Clearing the Oldest Patent Application (COPA) initiative, as described in the *FY 2011 USPTO Performance and Accountability Report*, available at [http://www.uspto.gov/about/stratplan/ar/2011/mda\\_02\\_03.html](http://www.uspto.gov/about/stratplan/ar/2011/mda_02_03.html).

When an applicant does not agree with a final rejection notice, the applicant has the option to file a notice of appeal, for which the fee is also proposed to be set below cost recovery and less than the fee proposed for the first, and second and subsequent, RCEs (see appeal fee information in the

following section). The USPTO proposes this fee relationship to ensure that all applicants have viable options to dispute a final rejection when they believe the examiner has erred. These *patent prosecution options* allow applicants to make critical decisions at multiple points in the patent prosecution process.

(2) Fees To Be Set Below Cost Recovery

There are seven types of fees that the Office proposes to be set below cost recovery that meet the greater than plus or minus 5 percent and 10 dollars criteria. The policy factors relevant to setting fees below cost recovery are *fostering innovation* and *offering patent prosecution options to applicants*. Applying these policy factors to set fees below cost recovery benefits the patent system by keeping the fees low and making patent filing and prosecution more available to applicants, thus *fostering innovation*. Although many fees would increase from current fee rates under this proposed rule, the Office is not proposing to increase “pre-grant” fees (e.g., filing, search, and examination) enough to create the same barrier to entry as otherwise would have been created if fees were to recover the full cost of the activity. The proposed fee schedule *offers patent prosecution options* to provide applicants flexible and cost-effective options for seeking and completing patent protection. This strategy provides multipart and staged fees for certain patent prosecution activities. A discussion of the rationale for each proposed fee adjustment follows.

*Basic Filing, Search, and Examination—Utility:*

TABLE 9—BASIC FILING, SEARCH, AND EXAMINATION—UTILITY FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Basic Filing Fee—Utility .....	\$380 (\$190) [N/A]	\$280 (\$140) [\$70]	–\$100 (–\$50) [–\$120]	– 26% (– 26%) [– 63%]

TABLE 9—BASIC FILING, SEARCH, AND EXAMINATION—UTILITY FEE CHANGES—Continued

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Utility Search Fee .....	\$620 (\$310) [N/A]	\$600 (\$300) [\$150]	–\$20 (–\$10) [–\$160]	–3% (–3%) [–52%]
Utility Examination Fee .....	\$250 (\$125) [N/A]	\$720 (\$360) [\$180]	+\$470 (+\$235) [+\$55]	+188% (+188%) [+44%]
<i>Basic Filing, Search, and Exam—Utility (Total)</i> .....	<i>\$1,250</i> <i>(\$625)</i> <i>[N/A]</i>	<i>\$1,600</i> <i>(\$800)</i> <i>[\$400]</i>	<i>+\$350</i> <i>(+\$175)</i> <i>[–\$225]</i>	<i>+28%</i> <i>(+28%)</i> <i>[–36%]</i>

TABLE 10—BASIC FILING, SEARCH, AND EXAMINATION—UTILITY FEE HISTORICAL COST INFORMATION

Historical unit cost information	FY 2011 \$/% of total	FY 2010 \$/% of total	FY 2009 \$/% of total
Basic Filing Fee—Utility .....	\$234/6%	\$243/6%	\$241/7%
Utility Search Fee .....	\$1,521/43%	\$1,694/43%	\$1,520/41%
Utility Examination Fee .....	\$1,814/51%	\$1,969/51%	\$1,904/52%
<i>Total Unit Cost</i> .....	<i>\$3,569/100%</i>	<i>\$3,906/100%</i>	<i>\$3,665/100%</i>

A non-provisional application for a patent includes filing, search, and examination fees. Currently, the large entity basic filing, search, and examination fees for a utility patent recover slightly more than one-third of the average unit cost for prosecuting a patent application, while a small entity application recovers around 17 percent of the average unit cost. The Office proposes to maintain this “back-end” subsidy of “front-end” fees structure to

achieve the policy goal of *fostering innovation*. The current fee rates and respective costs associated with each stage of patent prosecution are out of alignment. For example, on average, 94 percent of the costs associated with filing, searching, and examining an application occur in the search and examination stages. Approximately half of those costs are estimated to occur in the examination stage, but only 20 percent

of the total filing, search, and examination fees are derived from the examination fee (*see* Table 11). To adjust this fee structure and help stabilize the USPTO funding model, the Office proposes to increase the total filing, search, and examination fees and to realign the fee rates to more closely track the cost pattern by stage of prosecution (i.e., filing, search, and examination), while keeping each stage below actual cost.

TABLE 11—UTILITY BASIC FILING, SEARCH, AND EXAMINATION—CURRENT AND PROPOSED FEE INFORMATION

Proposed fee information	Current \$/% of total	Proposed to PPAC \$/% of total	Proposed \$/% of total
Basic Filing Fee—Utility .....	\$380/30%	\$400/22%	\$280/17%
Utility Search Fee .....	\$620/50%	\$660/36%	\$600/38%
Utility Examination Fee .....	\$250/20%	\$780/42%	\$720/45%
<i>Total Fees</i> .....	<i>\$1,250/100%</i>	<i>\$1,840/100%</i>	<i>\$1,600/100%</i>

On February 7, 2012, the Office delivered to the PPAC a proposed combined total fee for filing, search, and examination of \$1,840. In response to stakeholder feedback on both the individual fee level and the growth rate of the patent operating reserve, the Office now proposes to reduce the combined fees from the initial proposal (\$1,840) to \$1,600. This adjustment keeps the cost of entering the patent system at or below cost for large, small,

and new micro entity applicants—45 percent, 22 percent, and 11 percent of FY 2011 total cost, respectively. Likewise, the proposed adjustment for filing, search, and examination fees continues to ensure that these initial fees remain a small part (10 percent) of the cost to apply for patent protection when compared to the average legal fees. The filing, search, and examination fees are also only 10 percent of the total fees paid for a patent through

maintenance to full term (i.e., filing, search, examination, issue, and maintenance). The overall increase in filing, search, and examination fees *facilitates the effective administration of the patent system*, because it encourages applicants to submit only the most thoughtful and unambiguous applications, therefore facilitating examiners’ ability to provide prompt, quality interim and final decisions. At the same time, it helps to

stabilize the Office’s revenue stream by collecting additional revenue when an application is filed, instead of when it is later published or issued. Also, while the Office proposes to increase these application fees, reducing the pre-grant publication and issue fees will offset that increase. In addition, as the patent IT systems continue to improve, the Office is also contemplating providing additional fee discounts to encourage applicants to use the new IT systems, when available, and the Office welcomes public comment on the possibility of these discounts.

The Office recognizes that some applicants may choose to reduce the number of applications filed in response to this proposed increase in fees. However, the Office anticipates that this impact will be relatively short-term; lasting for the first two and a half years of the fee increase. The Office estimates that applicants will file 1.3 percent

fewer patent applications during FY 2013 than the number estimated to be filed in the absence of a fee increase (with new fee schedule implementation for half the fiscal year). The Office estimates that 2.7 percent fewer patent applications will be filed during FY 2014 and 4.0 percent fewer patent applications beginning in FY 2015, in response to the proposed fee adjustment. However, despite the decrease in patent applications filed when compared to the number filed absent this proposed fee increase, the Office estimates that the overall number of patent applications filed will continue to grow each year, albeit at a lower growth rate in FY 2013 through FY 2015. The Office estimates that beginning in FY 2016 the growth in patent applications filed will return to the same levels anticipated in the absence of a fee increase. Additional information about this estimate,

including the calculation methodology, is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp](http://www.uspto.gov/aia_implementation/fees.jsp), in a document entitled “USPTO Section 10 Fee Setting—Description of Elasticity Estimates.” The economic impact of this proposed adjustment is further considered in the cost-benefit calculation of the *Regulatory Impact Analysis*, available at [http://www.uspto.gov/aia\\_implementation/fees.jsp](http://www.uspto.gov/aia_implementation/fees.jsp).

It should be noted that utility patent fees are referenced in this section to simplify the discussion of the fee rationale. However, the rationale also applies to the filing, search, and examination fee changes for design, plant, reissue, and PCT national stage fees as outlined in the “USPTO Section 10 Fee Setting—Table of Patent Fee Changes.”

*Request for Continued Examination (RCE)—First Request:*

TABLE 12—FIRST REQUEST FOR CONTINUED EXAMINATION (RCE) FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
First Request for Continued Examination (RCE) .....	\$930 (\$465) [N/A]	\$1,200 (\$600) [\$300]	+\$270 (+\$135) [-\$165]	+29% (+29%) [-35%]

TABLE 13—REQUEST FOR CONTINUED EXAMINATION (RCE) HISTORICAL COST INFORMATION

Historical unit cost information	FY 2011	FY 2010	FY 2009
Request for Continued Examination (RCE) .....	\$2,070	\$1,696	\$1,881
Percentage of RCE cost compared to the cost to process a new application .....	60%	43%	51%

The historical unit cost information is calculated by subtracting the cost to complete a single application with no RCEs from the cost to complete a single application with one RCE. A description of the cost components is available for review in the “Section 10 Fee Setting—Activity-Based Information and Costing Methodology” document. It is reasonable to expect that the cost to the Office to complete a single RCE should be less than the cost to complete a new application because an RCE is continuing from work already performed on the original application. The Office’s historical cost data demonstrates this, with the cost to process an RCE being, on average, half of the cost to prosecute a new application.

An applicant may file an RCE in an application that is under final rejection (i.e., prosecution is closed) by filing a submission and paying a specified fee within the requisite time period. Applicants typically file an RCE when they choose to continue to prosecute an application before the examiner, rather than appeal a rejection or abandon the application. In FY 2011, about 30 percent of applications filed were for RCEs. Generally, around 70 percent of RCE applications filed in a year are for first RCEs and the remaining 30 percent are a second or subsequent RCE. Given this data, it is reasonable to expect that

most outstanding issues are resolved with the first RCE.

On February 7, the Office delivered to the PPAC a proposed RCE fee of \$1,700. In response to stakeholder feedback on both the individual fee level and the growth rate of the patent operating reserve, the Office now proposes to divide the fees for RCE into two parts: (1) a fee for a first RCE; and (2) a second, higher fee for a second or subsequent RCE. The Office is proposing this RCE fee division because, as stated before, 70 percent of RCEs are for the first RCE, which indicates that applicants need modest additional time to resolve the outstanding issues with the examiner.

Multipart RCE fees demonstrate how the Office seeks to *facilitate the effective administration of the patent system and offer patent prosecution options to applicants.*

The large entity fee for the first RCE would be set about 30 percent below cost recovery at \$1,200 to advance innovation by easing the burden on an applicant needing to resolve the outstanding items with an examiner. This amount is a reduction from the \$1,700 fee included in the February 7, 2012, initial proposal to PPAC.

The USPTO has calculated the large entity cost at \$1,700 (rounded) by averaging historical costs after

estimating the incremental cost to complete a single application with one RCE compared to the cost to complete an application with no RCE. The Office used a three-year average to estimate the cost of a single RCE in lieu of using only FY 2011 data, because the trend in historical data shows that the cost to process an RCE increased in FY 2011, and the Office believes this increase is due to an anomaly caused by the Clearing the Oldest Patent Application (COPA) initiative, as described in the *FY 2011 USPTO Performance and Accountability Report*, available at [http://www.uspto.gov/about/stratplan/ar/2011/mda\\_02\\_03.html](http://www.uspto.gov/about/stratplan/ar/2011/mda_02_03.html).

When an applicant does not agree with a final rejection notice, the applicant has the option to file a notice of appeal as an alternative to filing an RCE. The fee to file a notice of appeal is also proposed to be set below cost

recovery and less than the fee proposed for the first, and second and subsequent, RCEs (*see* appeal fee information in the following section). The USPTO proposes this fee relationship to ensure all applicants have viable options to dispute a final rejection when they believe the examiner has erred. These *patent prosecution options* allow applicants to make critical decisions at multiple points in the patent prosecution process.

In addition to dividing the RCEs fees, the Office is exploring other ways to address RCEs. Specifically, the Office recently announced two pilot programs that aim to avoid the need to file an RCE by permitting: (i) An Information Disclosure Statement to be submitted after payment of the issue fee; and (ii) further consideration of after final responses.

The first initiative, called Quick Path Information Disclosure Statement (IDS)

Pilot, permits an applicant to file an IDS after a final rejection and gives the examiner time to consider whether prosecution should be reopened. If the items of information in the IDS do not require prosecution to be reopened, the application will return to issue, thereby eliminating need for an RCE.

The second initiative, called the After Final Consideration Pilot, authorizes a limited amount of non-production time for examiners to consider responses filed after a final rejection with the goal of achieving compact prosecution and increased collaboration between examiners and stakeholders. Accordingly, the Office is hopeful for the success of these two pilot programs to reduce the number of RCEs and thereby enable applicants to secure a patent through a single application filing.

*Appeal Fees (Partially New):*

TABLE 14—APPEAL FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Notice of Appeal .....	\$620 (\$310) [N/A]	\$1,000 (\$500) [\$250]	+\$380 (+\$190) [- \$60]	+61% (+61%) [- 19%]
Filing a Brief in Support of an Appeal in Application or <i>Ex Parte</i> Reexamination Proceeding .....	\$620 (\$310) [N/A]	\$0 (\$0) [\$0]	-\$620 (-\$310) [- \$310]	- 100% (- 100%) [- 100%]
Appeal Forwarding Fee for Appeal in Examination or <i>Ex Parte</i> Reexamination Proceeding or Filing a Brief in Support of an Appeal in <i>Inter Partes</i> Reexamination (NEW) .....	N/A (N/A) [N/A]	\$2,000 (\$1,000) [\$500]	+\$2,000 (+\$1,000) [+\$500]	N/A (N/A) [N/A]
<i>Total Appeal Fees (paid before Examiner Answer)</i> .....	\$1,240 (\$620) [N/A]	\$1,000 (\$500) [\$250]	-\$240 (-\$120) [- \$370]	- 19% (- 19%) [- 60%]
<i>Total Appeal Fees (paid after Examiner Answer)</i> .....	\$1,240 (\$620) [N/A]	\$3,000 (\$1,500) [\$750]	+\$1,760 (+\$880) [+\$130]	+142% (+142%) [+21%]

TABLE 15—APPEAL FEE HISTORICAL COST INFORMATION

Historical unit cost information	FY 2011	FY 2010	FY 2009
Notice of Appeal to Patent Trial and Appeal Board			
Filing a Brief in Support of an Appeal	\$4,799	\$4,960	\$5,008
Appeal Forwarding Fee			

An applicant who disagrees with an examiner's final rejection may appeal to the BPAI by filing a notice of appeal and the required fee within the time period

provided. An applicant likewise may file a notice of appeal after the applicant's claim(s) has/have been twice rejected, regardless of whether the

claim(s) has/have been finally rejected. Further, an applicant may file a notice of appeal after a first rejection in a continuing application if any of the

claims in the parent application were previously rejected.

Within two months from the date of filing the notice of appeal, the appellant must file a Brief. Then, the examiner must file an Examiner's Answer. After the Answer is mailed, the appeal file is forwarded to the BPAI for review.

Currently, a large entity applicant pays \$620 to file a notice of appeal and another \$620 when filing a brief—a total of \$1,240. These current fees only recover 25 percent of the Office's cost of an appeal. The Office proposes to increase appeal fees to reduce the gap between fees and cost. At the same time, the Office proposes to *offer patent prosecution options to applicants* and stage the appeal fees to recover additional cost at later points in time and thereby minimize the cost impacts on applicants associated with withdrawn final rejections.

The Office proposes a \$1,000 notice of appeal fee and a \$0 fee when filing the brief. Both of these actions would occur prior to the preparation of an Examiner's Answer (and forwarding of the appeal to the BPAI). The Office recognizes that after some notices of appeal are filed, the matter is resolved, and there is no need to take the ultimate step of forwarding the appeal to the BPAI for a decision. The Office further proposes a \$2,000 fee to forward the appeal file—containing the appellant's Brief and the Examiner's Answer—to the BPAI for review. Under this proposed fee structure, one-third of the fee would be paid at the time of notice of appeal, and the remaining two-thirds would be paid after the Examiner's Answer, but only if the appeal is then

forwarded to the BPAI. This fee payment structure allows the appellant to reduce the amount invested in the appeal process until receiving the Examiner's Answer. In fact, when prosecution issues are resolved after the notice of appeal and before forwarding an appeal to the BPAI, a large entity appellant would pay only \$1,000 to obtain an Examiner's Answer—19 percent less than under the current fee structure.

Staging the appeal fees in this manner allows applicants to pay less in situations when an application is either allowed or reopened instead of being forwarded to the BPAI. This *patent prosecution option* allows applicants to make critical decisions at multiple points in the patent prosecution process.

When considering the proposed appeal fees, the Office evaluated several options to minimize the cost to applicants. For example, it contemplated refunding certain appeal fees if the appeal was not forwarded to the BPAI. However, under the current refund statutory authority, the Office can only refund all or part of a fee paid by mistake or in excess of the fee due. See 35 U.S.C. 42(d). Neither of these conditions would apply when the issues raised on appeal are resolved and the appeal is not forwarded to the BPAI because the matter is resolved.

On February 7, 2012, the Office delivered to PPAC a fee proposal that included two appeal fee payment features: (1) Staging the appeal-related fees so that cost impacts on some applicants are minimized; and (2) paying a \$0 pre-grant publication

(PGPub) and issue fee if the examiner withdraws a final rejection prior to an appeal being forwarded to the BPAI.

While the staging features delivered to PPAC are included in this proposed rule, after reevaluating the \$0 PGPub and Issue fee, the Office decided against proposing it here. Sometimes mistakes or errors in prosecution are not self-evident, and sometimes examiners properly consider After Final amendments and allow the application even after the applicant has filed an appeal. Accordingly, when operating with a \$0 PGPub and Issue fee, the Office had planned to implement a case-by-case review process to evaluate the root cause of why the applicant filed an appeal. This process would increase the Office's cost of operations without realizing counterbalancing benefits.

Additionally, a \$0 PGPub and issue fee would eliminate the need for the notice of issue fee payment and could impact when applicants receive notice that their applications will proceed to issue. The Office understands that the timing of issuance is extremely important in managing a business, and that timing may be critically important when an applicant intends to file a continuing application. In view of these considerations and risks, the Office decided not to propose a \$0 PGPub and issue fee here.

Finally, just as the Office is exploring ways to minimize unnecessary RCE filings, the Office is likewise exploring other options, including pilot programs, in an effort to reduce the need to appeal to the BPAI.

*Ex Parte Reexamination:*

TABLE 16—EX PARTE REEXAMINATION FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
<i>Ex Parte</i> Reexamination .....	*\$17,750 (N/A) [N/A]	\$15,000 (\$7,500) [\$3,750]	– \$2,750 (– \$10,250) [– \$14,000]	– 15% (– 58%) [– 79%]

\*For purposes of comparing amounts, where a new fee has been proposed under 35 U.S.C. 41(d)(2) in the January and February 2012 Proposed Rules, that proposed fee (as adjusted by the final rule) is included in the current fee column and denoted with (\*).

TABLE 17—EX PARTE REEXAMINATION HISTORICAL COST INFORMATION

Historical unit cost information	FY 2011	FY 2010	FY 2009
<i>Ex Parte</i> Reexamination .....	\$19,626	\$16,647	\$17,162

TABLE 18—EX PARTE REEXAMINATION PROSPECTIVE COST INFORMATION

Prospective cost information	FY 2013
Cost Calculation, 77 FR 3666 (Jan. 25, 2012) available at <a href="http://www.uspto.gov/aia_implementation/cost_calc_supplemental_exam.pdf">http://www.uspto.gov/aia_implementation/cost_calc_supplemental_exam.pdf</a> .....	\$17,750

Any person (including anonymously) may file a petition for the *ex parte* reexamination of a patent that has been issued. The Office initially determines if the petition presents “a substantial new question of patentability” as to the challenged claims. If such a new question has been presented, the Office will order a reexamination of the patent for the relevant claims.

Currently, the *ex parte* reexamination fee is \$2,520. 37 CFR 1.20. However, while examining its costs to estimate the cost of a supplemental examination (pursuant to section 41(d)), the Office found that its current *ex parte* reexamination fee does not recover the Office’s costs for that service. In fact, the Office incurs about seven times the amount of the current fee for an *ex parte*

reexamination. Accordingly, to remedy this discrepancy, in January 2012, the Office proposed to set the *ex parte* reexamination fee under section 41(d) at \$17,750, which recovers the Office’s costs for the *ex parte* reexamination (Changes To Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and To Revise Reexamination Fees, 77 FR 3666 (Jan. 25, 2012)).

On February 7, 2012, the Office delivered to the PPAC a fee proposal under section 10 of the AIA proposing setting the large entity fee at the same amount as proposed in the January and February 2012 Proposed Rules (i.e., \$17,750) and introducing new small and micro entity discounts for an *ex parte* reexamination. However, in accordance

with section 10, third party requestors are not eligible for the micro entity discounts.

In response to stakeholder feedback on both the individual fee level and the growth rate of the patent operating reserve in the initial proposal, the Office now proposes to reduce the large entity fee for *ex parte* reexamination to \$15,000, which is 15 percent below the Office’s cost of conducting the proceeding. Setting the fee below cost will reduce the growth rate of the operating reserve and permit easier access to the *ex parte* reexamination process, which benefits the patent system and patent quality by removing low quality patents.

*Supplemental Examination:*

TABLE 19—SUPPLEMENTAL EXAMINATION FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Processing and Treating a Request for Supplemental Examination—Up to 20 Sheets (NEW) .....	*\$5,140 (N/A) [N/A]	\$4,400 (\$2,200) [\$1,100]	–\$740 (–\$2,940) [–\$4,040]	–14% (–57%) [–79%]
<i>Ex Parte</i> Reexamination Ordered as a Result of a Supplemental Examination Proceeding (NEW) .....	*\$16,120 (N/A) [N/A]	\$13,600 (\$6,800) [\$3,400]	–\$2,520 (–\$9,320) [–\$12,720]	–16% (–58%) [–79%]
<i>Total Supplemental Examination Fees</i> .....	*\$21,300 (N/A) [N/A]	\$18,000 (\$9,000) [\$4,500]	–\$3,330 (–\$12,300) [–\$16,800]	–15% (–58%) [–79%]

\*For purposes of comparing amounts, where a new fee has been proposed under 35 U.S.C. 41(d)(2) in the January and February 2012 Proposed Rules, that proposed fee (as adjusted by the final rule) is included in the current fee column and denoted with (\*).

TABLE 20—SUPPLEMENTAL EXAMINATION PROSPECTIVE COST INFORMATION

Prospective cost information	FY 2013
Cost calculation 77 FR 3666 (Jan. 25, 2012) available at <a href="http://www.uspto.gov/aia_implementation/cost_calc_supplemental_exam.pdf">http://www.uspto.gov/aia_implementation/cost_calc_supplemental_exam.pdf</a>	
Supplemental Examination Request .....	\$5,180
Supplemental Examination Reexamination .....	\$16,120
<b>Total Supplemental Examination Costs</b> .....	<b>\$21,300</b>

A patent owner may request a supplemental examination of a patent by the Office to consider, reconsider, or correct information believed to be relevant to the patent. This proceeding

will help the patent owner preempt challenges to the patent during litigation. The need for this proceeding arises only after a patent owner recognizes that there is information that

should have been brought to the attention of the Office to consider or reconsider during the application process, or information submitted

during the application process that needs to be corrected.

The January and February 2012 Proposed Rules (as adjusted by the final rule), using section 41(d), proposed to set the fees for the request for supplemental examination and the *ex parte* reexamination ordered as a result of a supplemental examination proceeding at \$5,140 and \$16,120, respectively.

On February 7, 2012, the Office delivered to the PPAC proposed fees of \$7,000 and \$20,000, respectively, using section 10 of the AIA, for the request for supplemental examination and the *ex*

*parte* reexamination ordered as a result of a supplemental examination proceeding. This increase was proposed to encourage applicants to submit applications with all relevant information during initial examination, which facilitates compact patent prosecution. In response to stakeholder feedback on both the individual fee level and the growth rate of the patent operating reserve in the initial proposal, the Office now proposes to reduce these fees to \$4,400 and \$13,600, respectively. The Office believes these reduced fee amounts continue to be sufficient to

encourage applicants to submit applications with all relevant information during initial examination, yet low enough to facilitate the effective administration of the patent system by providing patentees with an alternative to the court system for addressing inequitable conduct. The Office proposes to set total supplemental examination fees of \$18,000, 15 percent below cost and 30 percent less than the total of \$27,000 included in the proposal delivered to PPAC on February 7, 2012.

*Inter Partes Review:*

TABLE 21—INTER PARTES REVIEW FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity			
<i>Inter Partes</i> Review Request—Up to 20 Claims (Per Claim Fee for Each Claim in Excess of 20 is \$200) .....	NEW	\$9,000 (N/A) [N/A]	+\$9,000 (N/A) [N/A]	N/A (N/A) [N/A]
<i>Inter Partes</i> Review Post Institution Fee—Up to 15 Claims (Per Claim Fee for Each Claim in Excess of 15 is \$400) .....	NEW	\$14,000 (N/A) [N/A]	+\$14,000 (N/A) [N/A]	N/A (N/A) [N/A]
<i>Total Inter Partes Review Fees (For Current Fees, per Claim Fee for Each Claim in Excess of 20 is \$600) .....</i>	*\$27,200 (N/A) [N/A]	\$23,000 (N/A) [N/A]	– \$4,200 (N/A) [N/A]	– 15% (N/A) [N/A]

\*For purposes of comparing amounts, where a new fee has been proposed under 35 U.S.C. 41(d)(2) in the January and February 2012 Proposed Rules, that proposed fee (as adjusted by the final rule) is included in the current fee column and denoted with (\*).

TABLE 22—INTER PARTES REVIEW PROSPECTIVE COST INFORMATION

Prospective Cost Information		FY 2013
The Total <i>Inter Partes</i> Review cost calculation of \$27,200, 77 FR 6879, (Feb. 9, 2012) is available for review at <a href="http://www.uspto.gov/aia_implementation/rin-0651-ac70.pdf">http://www.uspto.gov/aia_implementation/rin-0651-ac70.pdf</a> . The Office estimated that 35 hours of Judge time would be required during review and used this as the basis for estimating the cost for the <i>Inter Partes</i> Review. The IT-related costs are included in the Review Request portion of the fee.		
Description	Base cost	Per claim cost
<i>Inter Partes</i> Review Request—up to 20 claims .....	\$10,500	>20 = \$200
<i>Inter Partes</i> Review Post Institution Fee—up to 15 claims .....	\$16,700	>15 = \$400
<i>Total Inter Partes Review Costs</i> .....	\$27,200	N/A

*Inter partes* review is a new trial proceeding created by the AIA that allows the Office to review the patentability of one or more claims in a patent only on a ground that could be raised under 35 U.S.C. 102 or 103, and only on the basis of prior art consisting of patents or printed publications. The *inter partes* review process begins with a third party filing a petition. An *inter partes* review may be instituted upon a showing that there is a reasonable likelihood that the petitioner would

prevail with respect to at least one claim challenged.

In February 2012, the Office proposed setting a single fee for *inter partes* review pursuant to 35 U.S.C. 41(d), at a level to recover the Office’s entire cost of conducting such proceeding. (See 77 FR 6879 (Feb. 9, 2012)); (See also 77 FR 7041 (Feb. 10, 2012)). Under that proposal, the fee for an *inter partes* review would be based on the number of claims for which review is sought, with the entire fee due on filing of the

petition. A petitioner could file a petition seeking review of up to 20 claims for the base fee of \$27,200. Fees would increase for each additional 10 claims. For example, an *inter partes* review of 51 to 60 claims would have cost \$68,000 (See 77 FR 7050 (Feb. 10, 2012)).

On February 7, 2012, the Office delivered to the PPAC a fee proposal under section 10 setting the fees at the same amount as proposed in the February 2012 Proposed Rule. In

response to stakeholder feedback on the individual fee levels, the structure of the proposed *inter partes* review fees, and the overall growth rate of the patent operating reserve in the initial proposal, with this rulemaking, the Office now proposes to set the *inter partes* review fees at a level below the Office's cost recovery and to improve the fee payment structure.

The Office now proposes to set four separate fees for *inter partes* review, which the petitioner would pay upon filing a petition. The Office also proposes to return fees for post-institution services should a petition not be instituted. Similarly, the Office proposes that fees paid for post-institution review of a large number of claims be returned if the Office only institutes the review of a subset of the requested claims.

The USPTO proposes to set the fee for an *inter partes* review petition at \$9,000 for up to 20 claims. This fee would not be returned or refunded to the petitioner even if the review is not instituted.

In addition, the USPTO proposes to set a per claim fee of \$200 for each claim requested for review in excess of 20. This fee would not be returned or refunded to the petitioner if the review is not instituted or if the institution is

limited to a subset of the requested claims.

The USPTO also proposes to set the *inter partes* review post-institution fee at \$14,000, for a review of up to 15 claims. This fee would be returned to the petitioner if the Office does not institute a trial.

Likewise, the Office proposes to set a per claim fee of \$400 for review of each claim in excess of 15 during the post-institution trial. The entire post-institution fee would be returned to the petitioner if the Office does not institute a review. The excess claims fees would be returned if review of 15 or fewer claims is instituted. If the Office reviews more than 15 claims, but fewer than all of the requested claims, it would return part of the fee for each claim the Office did not review.

For example, under this proposal, if a party requests *inter partes* review of 52 claims, the petitioner would pay \$44,200 (\$9,000 plus 32 [52 minus 20] times \$200 equals \$15,400; plus \$14,000 plus 37 [52 minus 15] times \$400 equals \$28,800; for a total of \$44,200). This amount is 35 percent less than what the petitioner would pay under either the February 2012 Proposed Rule or the initial proposal to PPAC in February 2012. In addition, under this proposed rule, if the petitioner seeks review of 52

claims, but the Office only institutes review of 40 claims, the Office would return \$4,800 (it did not institute review of the 41st through 52nd claim for which review was requested). Alternatively, if the review is not instituted at all, the Office would return the entire \$28,800 for claims over 15 as well as the base \$14,000 post-institution fee.

The Office proposes to maintain these two claim thresholds—one for petitions (up to 20 claims) and the other for the post-institution trials (up to 15 claims)—because it anticipates that it will not institute review of 25 percent of claims for which review is requested. The Office bases this approach on its analysis of the initial *inter partes* reexaminations filed after September 15, 2011, as well as the new opportunity for patent owners to file a response to the petition before the Office determines whether and for which claims to institute review.

This proposal also considers certain policy factors, such as *fostering innovation* through facilitating greater access to the *inter partes* review proceedings because certainty of patent rights benefits the overall IP system.

*Post Grant Review or Covered Business Method Patent Review:*

TABLE 23—POST GRANT REVIEW OR COVERED BUSINESS METHOD PATENT REVIEW FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity			
Post Grant Review or Covered Business Method Patent Review Request—Up to 20 Claims (Per Claim Fee for Each Claim in Excess of 20 is \$250)	NEW	\$12,000 (N/A) [N/A]	+\$12,000 (N/A) [N/A]	N/A (N/A) [N/A]
Post Grant Review or Covered Business Method Patent Review Post Institution Fee—Up to 15 Claims (Per Claim Fee for Each Claim in Excess of 15 is \$550)	NEW	\$18,000 (N/A) [N/A]	\$18,000 (N/A) [N/A]	N/A (N/A) [N/A]
<i>Total Post Grant Review or Covered Business Method Patent Review Fees (For Current Fees, Per Claim Fee for Each Claim in Excess of 20 is \$800)</i>	*\$35,800 (N/A) [N/A]	\$30,000 (N/A) [N/A]	– \$5,800 (N/A) [N/A]	– 16% (N/A) [N/A]

\* For purposes of comparing amounts, where a new fee has been proposed under 35 U.S.C. 41(d)(2) in the January and February 2012 Proposed Rules, that proposed fee (as adjusted by the final rule) is included in the current fee column and denoted with (\*).

TABLE 24—POST GRANT REVIEW OR COVERED BUSINESS METHOD PATENT REVIEW PROSPECTIVE COST INFORMATION

Prospective cost information	FY 2013	
The Total Post Grant Review cost calculation of \$35,800, 77 FR 6879, (Feb. 9, 2012) is available for review at <a href="http://www.uspto.gov/aia_implementation/rin-0651-ac70.pdf">http://www.uspto.gov/aia_implementation/rin-0651-ac70.pdf</a> . The Office estimated that 50 hours of Judge time would be required during review and used this as the basis for estimating the cost for the Post Grant Review. The IT-related costs are included in the Review Request portion of the fee.		
Description	Base cost	Per claim cost
Post Grant Review or Covered Business Method Patent Review Request—up to 20 claims .....	\$14,700	> 20 = \$250
Post Grant Review or Covered Business Method Patent Review Post Institution Fee—up to 15 claims .....	\$21,100	> 15 = \$550
<i>Total Post Grant Review Costs</i> .....	\$35,800	N/A

Post grant review is a new trial proceeding created by the AIA that allows the Office to review the patentability of one or more claims in a patent on any ground that could be raised under 35 U.S.C. 282(b)(2) and (b)(3) in effect on September 16, 2012. The post grant review process begins when a third party files a petition within nine months of the grant of the patent. A post grant review may be instituted upon a showing that it is more likely than not that at least one challenged claim is unpatentable or that the petition raises an unsettled legal question that is important to other patents or patent applications. If the trial is instituted and not dismissed, the Board will issue a final determination within one year of institution. This period can be extended for good cause for up to six months from the date of one year after instituting the review.

In February 2012, the Office proposed under 35 U.S.C. 41(d) to set a single fee for post grant review at a level to recover the entire cost of conducting the proceeding based on the number of claims under review, with the entire fee due on filing of the petition. (*See Changes To Implement Post-Grant Review Proceedings*, 77 FR 7060 (Feb. 9, 2012)). The Office proposed a base fee of \$35,800 for a post grant review of up to 20 claims. In addition, the Office proposed a structure of escalating fees for each additional 10 claims. For example, a post grant review of 51 to 60 claims would cost \$89,500 (*See* 77 FR 7060, 7070).

On February 7, 2012, the Office submitted to the PPAC a fee proposed under section 10 setting the fees at the same amount as the February 2012 proposed rule. In response to stakeholder feedback on the individual fee levels, alternative post grant review fee structures, and overall growth rate of

the patent operating reserve in the initial proposal, the Office now proposes to set the post grant review fee at a level below the Office's cost recovery and to improve the fee payment structure.

The Office proposes here to set four separate fees for post grant review, which the petitioner would pay upon filing a petition for post grant review. The Office also proposes to return fees for post-institution services if a review is not instituted. Similarly, the Office proposes that fees paid for a post-institution review of a large number of claims be returned if the Office only institutes the review of a subset of the requested claims. The Office proposes the same structure and fees apply for covered business method review.

The Office proposes to set the fee for a post grant review petition at \$12,000 for up to 20 claims. This fee would not be returned or refunded to the petitioner even if the review is not instituted by the Office.

In addition, the Office proposes a per claim fee of \$250 for each claim in excess of 20. This fee would not be returned or refunded to the petitioner if the review is not instituted, or if the institution is limited to a subset of the requested claims.

The USPTO also proposes a post grant review post-institution fee at \$18,000, for post-institution review of up to 15 claims. This fee would be returned to the petitioner if the Office does not institute a review.

Likewise, the Office proposes to set a per claim fee of \$550 for review of each claim in excess of 15 during the post-institution trial. The entire fee would be returned to the petitioner if the Office does not institute a review. The excess claims fees would be returned if review of 15 or fewer claims is instituted. If the Office reviews more than 15 claims, but

fewer than all of the requested claims, it would return part of the fee for each claim that was not instituted.

For example, under the proposal here, a party seeking post grant review of 52 claims would pay \$58,350 (\$12,000 plus 32 [52 minus 20] times \$250 equals \$20,000; plus \$18,000 plus 37 [52 minus 15] times \$550 equals \$38,350; for a total of \$58,350). This amount is 35 percent less than the petitioner would pay under the February 2012 Proposed Rule and the initial proposal to PPAC in February 2012. In addition, under this proposal, if the petitioner requests review of 52 claims, but the Office only institutes review of 40 claims, then the Office would return \$6,600 (it did not institute review of the 41st through 52nd claims for which review was requested). Alternatively, if a review is not instituted at all, the Office would return the entire \$38,350 for claims over 15, as well as the base \$18,000 post-institution fee.

The Office proposes to maintain two different claim thresholds—one for petition (up to 20 claims) and the other for the post-institution trials (up to 15 claims)—because it anticipates that it will not institute a review of 25 percent of claims for which review is requested. The Office bases this approach on its analysis of the initial *inter partes* reexaminations filed after September 15, 2011, as well as the new opportunity for patent owners to file a response to the petition before the Office determines whether and for which claims to institute review.

The adjustments proposed here also consider certain policy factors, such as *fostering innovation* through facilitating greater access to the post grant review proceedings because certainty of patent rights benefits the overall IP system.

*Pre Grant Publication (PGPub) Fee:*

TABLE 25—PRE GRANT PUBLICATION (PGPUB) FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Publication Fee for Early, Voluntary, or Normal Publication .....	\$300 (N/A) [N/A]	\$0 (\$0) [\$0]	-\$300 (-\$300) [-\$300]	100% (-100%) [-100%]
Publication Fee for Republication .....	\$300 (N/A) [N/A]	\$300 (N/A) [N/A]	\$0 (N/A) [N/A]	0% (N/A) [N/A]

TABLE 26—PRE GRANT PUBLICATION (PGPUB) HISTORICAL COST INFORMATION

Historical unit cost information	FY 2011	FY 2010	FY 2009
Publication Fee for Early, Voluntary, or Normal Publication .....	\$181	\$158	\$243

With certain exceptions, each nonprovisional utility and plant patent application is published 18 months from the earliest filing date. The fee for this pre-grant publication (PGPub) is paid only after a patent is granted. If a patent is never granted, the applicant does not pay the fee for PGPub. Once the Office determines that the invention claimed in a patent application is patentable, the Office sends a notice of allowance to the applicant, outlining the patent application publication fees due, along with the patent issue fee. The applicant must pay these publication and issue fees three months from the date of the notice of allowance to avoid abandoning the application.

Currently, the PGPub fee is set at \$300 and collects over one and a half times the cost to publish a patent application. The IP system benefits from publishing patent applications; disclosing information publicly stimulates research

and development, as well as subsequent commercialization through further development or refinement of an invention. Therefore, a lower PGPub fee would benefit both the applicant and innovators in the patent system.

Given that publishing a patent application 18 months after its receipt benefits the IP system more than individual applicants, the Office proposes to reduce the PGPub fee to \$0. Reducing this fee also helps rebalance the fee structure and offsets the proposed increases to filing, search, and examination fees (\$350 increase, less this \$300 decrease is a net \$50 increase—or 3 percent—to apply for a patent and publish the application). This proposed change is consistent with the initial proposal delivered to PPAC on February 7, 2012.

It should be noted that the PGPub fee for republication of a patent application (1.18(d)(2)) is not proposed to be adjusted, but will be set at the existing

rate of \$300. The Office proposes to keep this fee at its existing rate for each patent application that must be published again after a first publication for \$0.

(3) Fees To Be Set Above Cost Recovery

There are two types of fees that the Office proposes to set above cost recovery that meet the greater than plus or minus 5 percent and 10 dollars criteria. The policy factor relevant to setting fees above cost recovery is *fostering innovation*. Back-end fees (e.g., issue and maintenance fees) work in concert with front-end fees. The above-cost, back-end fees allow the Office to recover the revenue required to subsidize the cost of entry into the patent and reduce the backlog of patent applications. A discussion of the rationale for each proposed change follows.

Issue Fees:

TABLE 27—ISSUE FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Utility Issue Fee .....	\$1,740 (\$870) [N/A]	\$960 (\$480) [\$240]	-\$780 (-\$390) [-\$630]	-45% (-45%) [-72%]

TABLE 28—ISSUE FEE HISTORICAL COST INFORMATION

Historical unit cost information	FY 2011	FY 2010	FY 2009
Utility Issue Fee .....	\$257	\$231	\$224

Once the Office determines that the invention claimed in a patent application is patentable, the USPTO sends a notice of allowance to the applicant outlining the patent application publication and patent issue fees due. The applicant must pay the publication and issue fees three months from the date of the notice of allowance to avoid abandoning of the application.

In setting fees due after completing prosecution at a level higher than cost, front-end fees can be maintained below cost, thereby *fostering innovation*. Currently, the large entity issue fee is set at \$1,740, which is seven times more than the cost of issuing a patent. This fee recovers revenue, but it also poses a challenge to applicants at time of allowance. When the issue fee is due, patent owners possess less information about the value of their invention than

they do a few years later. Lowering issue fees would consequently help inventors financially at a time when the marketability of their invention is less certain. Finally, setting the PGPub fee at \$0 as discussed above, and recovering the combined cost of publishing and issuing an application through only the issue fee benefits small and micro entity innovators. The 50 percent discount for small entities and 75 percent discount for micro entities are not available for the publication fee, but are available for the issue fee. Thus, there are benefits to both the IP system and the applicant when the issue fees are set at an amount lower than the current fee amount, but still above cost recovery.

To both maintain the beneficial aspects of this back-end subsidy model and realign the balance of the fee structure, the Office proposes to

decrease the large entity issue fee to \$960. This amount is about twice the cost of both publishing an application (which is proposed to be set below cost at \$0) and issuing a patent. This fee adjustment is over a 50 percent decrease from the amount currently paid for both the PGPub and issue fees together and is the amount initially proposed in the fee schedule delivered to the PPAC on February 7, 2012.

It should be noted that utility issue fees are referenced in this section to simplify the discussion of the fee rationale; however, the rationale is applicable to the issue fee changes for design, plant, and reissue fees as outlined in the “USPTO Section 10 Fee Setting—Table of Patent Fee Changes”.

*Maintenance Fees:*

TABLE 29—MAINTENANCE FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Maintenance Fee Due at 3.5 Years (1st Stage) .....	\$1,130 (\$565) [N/A]	\$1,600 (\$800) [\$400]	+\$470 (+\$235) [-\$165]	+42% (+42%) [-29%]
Maintenance Fee Due at 7.5 Years (2nd Stage) .....	\$2,850 (\$1,425) [N/A]	\$3,600 (\$1,800) [\$900]	+\$750 (+\$375) [-\$525]	+26% (+26%) [-37%]
Maintenance Fee Due at 11.5 Years (3rd Stage) .....	\$4,730 (\$2,365) [N/A]	\$7,400 (\$3,700) [\$1,850]	+\$2,670 (+\$1,335) [-\$515]	+56% (+56%) [-22%]

TABLE 30—MAINTENANCE FEE HISTORICAL COST INFORMATION

Historical unit cost information	FY 2011*	FY 2010	FY 2009
Maintenance Fee Due at 3.5 Years (1st Stage) .....	.....	\$1	\$2
Maintenance Fee Due at 7.5 Years (2nd Stage) .....	.....	\$1	\$2
Maintenance Fee Due at 11.5 Years (3rd Stage) .....	.....	\$1	\$2

\* Beginning in FY 2011, the Office determined that the maintenance fee activity was in support of the process application fees activity and its associated fees. Therefore, the Office reassigned these costs accordingly, and no longer estimates a unit cost for maintenance fee activities. Additional information about the methodology for determining the cost of performing the Office’s activities, including the cost components related to respective fees, available at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1) in the document titled “USPTO Section 10 Fee Setting—Activity-Based Information and Costing Methodology.”

Maintenance fees must be paid at defined intervals—3.5 years, 7.5 years, and 11.5 years—after the Office grants a utility patent in order to keep the patent in force. Maintaining a patent costs the Office very little. However, maintenance fees benefit the Office and the patent system by generating revenue that permits the Office to keep front-end patent prosecution fees below cost and to subsidize the cost of prosecution for small and micro entity innovators.

Additionally, maintenance fees will be paid only by patent owners who believe the value of their patent is much higher than this fee for renewing these patent rights, thus when not renewed the subject matter of the patent can be utilized freely. On this score, setting early maintenance fees lower than later maintenance fees mitigates uncertainty associated with the value of the patent. As the value becomes more certain over time, the maintenance fee should (and does) increase, because patent owners

have more information about the commercial value of the patented invention and can more readily decide whether the benefit of a patent outweighs the cost of the fee. For example, when a patent holder pays the first stage maintenance fee at 3.5 years, the holder has less information about the commercial value of the patent than when the holder pays the third stage maintenance fee at 11.5 years.

Therefore, under a progressively higher maintenance fee schedule, a

patent holder is positioned to perform an individual cost-benefit analysis to determine if the patent is at least as valuable as the maintenance fee payment. When the patent holder determines the patent benefit (value) outweighs the cost (maintenance fee), the holder will likely continue to maintain the patent. Conversely, when the patent holder determines that the benefit is less than the cost, the holder likely will not maintain the patent to full term. When the patent expires, the subject matter of the patent is no longer held with exclusive patent rights and subsequent stakeholders may utilize the idea from the public domain and work to extend its innovation or commercialization. More information on the economic costs and benefits of patent renewal can be found in the rulemaking Regulatory Impact Analysis, which is available for review at [http://www.uspto.gov/aia\\_implementation/fees.jsp](http://www.uspto.gov/aia_implementation/fees.jsp).

The Office proposes to increase the first, second, and third stage maintenance fees to \$1,600, \$3,600, and \$7,400, respectively. This increase is

commensurate with the subsidies offered for prosecution of a patent application and aligns with the fee setting strategy of *fostering innovation* by setting front-end fees below cost. The increase also ensures the USPTO has sufficient aggregate revenue to recover the aggregate cost of operations and implement goals and objectives.

On February 7, 2012, the Office delivered to the PPAC proposed fees of \$1,600, \$3,600, and \$7,600 for the first, second, and third stage maintenance fees respectively. In response to stakeholder feedback on both the individual fee levels and the growth rate of the patent operating reserve, the Office now proposes to decrease the third stage maintenance fee to \$7,400 while maintaining the first and second stage maintenance fees at the rates proposed to the PPAC.

(4) Fees That Are Not Set Using Cost Data as an Indicator

Fees in this category include those proposed fees for which the USPTO does not typically maintain historical cost information separate from that included in the average overall cost of

activities during patent prosecution or did not refer to cost information for setting the particular fee. Instead, the Office evaluates the policy factors described in *Rulemaking Goals and Strategies, Part III* above, to inform fee setting. Some of these fees are based on the size and complexity of an application and help the Office to *effectively administer the patent system* by encouraging applicants to engage in certain activities. Setting fees at particular levels can: (1) Encourage the submission of applications or other actions which lead to more efficient processing 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.

There are six types of fees in this category. A discussion of the rationale for each proposed change follows.

*Extensions of Time Fees:*

TABLE 31—EXTENSIONS OF TIME FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Extensions for Response within 1st Month .....	\$150 (\$75) [N/A]	\$200 (\$100) [\$50]	+\$50 [+\$25] [-\$25]	+33% (+33%) [-33%]
Extensions for Response within 2nd Month .....	\$560 (\$280) [N/A]	\$600 (\$300) [\$150]	+\$40 [+\$20] [-\$130]	+7% (+7%) [-46%]
Extensions for Response within 3rd Month .....	\$1,270 (\$635) [N/A]	\$1,400 (\$700) [\$350]	+\$130 [+\$65] [-\$285]	+10% (+10%) [-45%]
Extensions for Response within 4th Month .....	\$1,980 (\$990) [N/A]	\$2,200 (\$1,100) [\$550]	+\$220 [+\$110] [-\$440]	+11% (+11%) [-44%]
Extensions for Response within 5th Month .....	\$2,690 (\$1,345) [N/A]	\$2,000 (\$1,500) [\$750]	+\$310 [+\$155] [-\$595]	+12% (+12%) [-44%]

If an applicant must reply within a non-statutory or shortened statutory time period, the applicant can extend the reply time period by filing a petition for an extension of time and paying the requisite fee. Extensions of time may be automatically authorized at the time an

application is filed or requested as needed during prosecution. The USPTO proposes to increase these fees to facilitate an efficient and prompt conclusion of application processing, which benefits the Office's compact prosecution initiatives and reduces

patent pendency. The fees proposed in this rulemaking are the same as those included in the proposal delivered to the PPAC on February 7, 2012.

*Application Size Fees:*

TABLE 32—APPLICATION SIZE FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity			
Application Size Fee—For each Additional 50 Sheets that Exceed 100 Sheets .....	\$310 (\$155) [N/A]	\$400 (\$200) [\$100]	+\$90 (+\$45) [−\$55]	+29% (+29%) [−35%]

Currently, the Office charges an additional fee for any application where the specification and drawings together exceed 100 sheets of paper. The application size fee applies for each additional 50 sheets of paper or fraction thereof. The USPTO proposes to

increase the application size fee to facilitate an efficient and compact application examination process, which benefits the applicant and the *effective administration of patent prosecution*. Succinct applications facilitate faster examination with an expectation of

fewer errors. The fees proposed in this rulemaking are the same as those included in the proposal delivered to the PPAC on February 7, 2012.

*Excess Claims:*

TABLE 33—EXCESS CLAIMS FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Independent Claims in Excess of 3 .....	\$250 (\$125) [N/A]	\$420 (\$210) [\$105]	+\$170 (+\$85) [−\$20]	+68% (+68%) [−16%]
Claims in Excess of 20 .....	\$60 (\$30) [N/A]	\$80 (\$40) [\$20]	+\$20 (+\$10) [−\$10]	+33% (+33%) [−33%]
Multiple Dependent Claim .....	\$450 (\$225) [N/A]	\$780 (\$390) [\$195]	+\$330 (+\$165) [−\$30]	+73% (+73%) [−13%]

Currently, the Office charges a fee for filing, or later presenting at any other time, each independent claim in excess of 3, as well as each claim (whether dependent or independent) in excess of 20. In addition, any original application that is filed with, or amended to include, multiple dependent claims must pay the multiple dependent claim fee. Generally, a multiple dependent claim is a dependent claim which refers back in the alternative to more than one preceding independent or dependent claim.

The Office proposes to increase claim fees to facilitate an efficient and compact application examination process, which benefits the applicant and the USPTO through more effective

administration of patent prosecution. Filing applications with the most prudent number of claims will enable prompt conclusion of application processing, because more succinct applications facilitate faster examination with an expectation of fewer errors.

On February 7, 2012, the Office delivered to the PPAC proposed excess claims fee amounts higher than those proposed here. Specifically, the Office proposed setting the fee for independent claims in excess of three to \$460, for claims in excess of 20 to \$100, and for multiple dependent claims to \$860. In response to stakeholder feedback about the amount of the increases to excess claims and the growth rate of the patent

operating reserve, the Office now proposes to set fees for independent claims in excess of three to \$420, for claims in excess of 20 to \$80, and for multiple dependent claims to \$780. The Office proposes to increase the excess claims fees to facilitate an efficient and compact application examination process, which benefits the applicant and the *effective administration of the patent system*. Succinct applications with a prudent number of unambiguous claims facilitate faster examination with an expectation of fewer errors during examination.

*Correct inventorship after first action on the merits (New):*

TABLE 34—CORRECT INVENTORSHIP AFTER FIRST ACTION ON THE MERITS FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity	Large (small) [micro] entity
Correct Inventorship After First Action on the Merits (NEW) .....	N/A (N/A) [N/A]	\$1,000 (\$500) [\$250]	+\$1,000 (+\$500) [+\$250]	N/A (N/A) [N/A]

The Office needs to know who the inventors are to prepare patent application publications, conduct examination under 35 U.S.C. 102 and 103, and prevent double patenting. Changes to inventorship (e.g., adding previously unnamed persons as inventors or removing persons previously named as inventors) cause additional work for the Office. For instance, the Office may need to repeat prior art searches and/or reconsider patentability under sections 102 and 103, as well as reconsider the possibility of double patenting.

On February 7, 2012, the Office delivered to the PPAC two proposed fees: (1) a \$3,000 fee to file an oath and

declaration up to the notice of allowance; and (2) a \$1,700 fee to correct inventorship during examination where it had not been provided before examination started. In response to stakeholder feedback, the Office now proposes to eliminate the \$3,000 filing fee and reduce the \$1,700 inventorship correction fee to \$1,000. The inventorship correction fee is proposed to encourage reasonable diligence and a bona fide effort to ascertain the actual inventorship as early as possible and to provide that information to the Office prior to examination. The fee will also help offset the costs incurred by the Office when there is a change in inventorship.

The Office appreciates that inventorship may change as the result of a restriction requirement by the Office. Where inventorship changes as a result of a restriction requirement, the applicant should file a request to correct inventorship promptly (prior to first Office action on the merits) to avoid this fee for requests to correct inventorship in an application after the first Office action on the merits. Otherwise, the Office will incur the costs during examination related to the change in inventorship. Accordingly, the fee for requests to correct inventorship in an application after the first Office action on the merits fee would be required.

*Derivation proceeding (New):*

TABLE 35—DERIVATION PROCEEDING FEE CHANGES

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity			
Derivation petition fee (NEW) .....	*\$400 (N/A) [N/A]	\$400 (N/A) [N/A]	\$0 (N/A) [N/A]	0% (N/A) [N/A]
Derivation institution and trial fee (NEW) .....	N/A (N/A) [N/A]	\$0 (\$0) [\$0]	\$0 (\$0) [\$0]	N/A (N/A) [N/A]

\* For purposes of comparing amounts, where a new fee has been proposed under 35 U.S.C. 41(d)(2) in the January and February 2012 Proposed Rules, that proposed fee is included in the current fee column and denoted with (\*).

A derivation proceeding is a new trial proceeding conducted at the BPAI to determine whether an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner's application; and whether the earlier application claiming such invention was authorized. An applicant subject to the first-inventor-to-file provisions may file a petition to institute a derivation proceeding only within one year of the first publication of a claim to an invention that is the same or substantially the same as the earlier application's claim to the invention. The petition must be supported by substantial evidence that the claimed

invention was derived from an inventor named in the petitioner's application.

On February 10, 2012, the Office proposed under 35 U.S.C. 41(d) procedures for derivation proceedings before the BPAI. (Changes To Implement Derivation Proceedings, 77 FR 7028 (Feb. 10, 2012)). In that action, the Office proposed the \$400 derivation petition fee. On February 7, 2012, the Office provided an initial fee proposal to the PPAC with the same fee, \$400. Here, the Office proposes to retain the \$400 derivation petition fee and to set an additional fee of \$0 for a derivation institution and trial.

The Office estimates the \$400 petition fee will recover its cost to process a

petition for derivation. The Office also estimates that its costs for determining whether to institute and conducting a trial are approximately \$40,000. However, the Office does not propose to recover the full cost of instituting and conducting the trial from the petitioner. Instead, by charging a \$0 trial fee, the Office seeks to promote issuing patents to the actual inventor and to discourage a situation where another had derived the invention from the actual inventor and sought a patent on the derived invention. As there is no requirement for fees in derivation proceedings under the AIA, the Office has flexibility in setting the timing and amount of the

fee(s) that may be required for derivation.

*Assignments Submitted Electronically  
Fee (New):*

TABLE 36—FEE CHANGES FOR ASSIGNMENTS SUBMITTED ELECTRONICALLY

Fee description	Current fees	Proposed fees	Dollar change	Percent change
	Large (small) [micro] entity			
Assignments Submitted Electronically (NEW) .....	\$40 (N/A) [N/A]	\$0 (N/A) [N/A]	-\$40 (N/A) [N/A]	-100% (N/A) [N/A]
Assignments Not Submitted Electronically (NEW) .....	\$40 (N/A) [N/A]	\$40 (N/A) [N/A]	\$0 (N/A) [N/A]	0% (N/A) [N/A]

**Note:** The current fee amount is \$40 for submitting an assignment to the Office, regardless of method of submission.

Ownership of a patent gives the patent owner the right to exclude others from making, using, offering for sale, selling, or importing into the U.S. the invention claimed in a patent. Patent law provides for the transfer or sale of a patent, or of an application for patent, by an instrument in writing (i.e., an assignment). When executing an assignment, the patent owner may assign (e.g., transfer) the total or a percentage of interest, rights, and title of a patent to an assignee. When there is a completed assignment, the assignee becomes the owner of the patent and has the same rights of the original patentee. The Office records assignments sent to it, and the recording serves as public notice.

Assignment records are an important part of the business cycle—markets operate most efficiently when buyers and sellers can locate one another. If assignment records are incomplete, the business and research and development cycles could be disrupted because buyers face difficulty finding sellers, and potential innovators may not have a thorough understanding of the marketplace they are considering entering. The Office recognizes that complete patent assignment data disseminated to the public provides certainty in the technology space and helps to encourage innovation.

Therefore, more complete patent assignment records would produce a number of benefits for the public and IP stakeholders. The public would have a more comprehensive understanding of which entities hold and maintain U.S. patent rights. Patenting inventors and companies would better understand the competitive environment in which they are operating, allowing them to better allocate their own research and development resources, more efficiently

obtain licenses, and accurately value patent portfolios.

Currently, a patent owner must pay \$40 to record the assignment of patent rights. During FY 2011 approximately 90 percent of assignments were submitted electronically. This fee could be viewed as a barrier to those involved in patent and application assignments. Given that patent applications, patents, and the completeness of the patent record play an important role in the markets for innovation and the long-term health of the U.S. economy, the Office proposes to set two fees for recording an assignment. When an assignment is submitted using the Office's electronic system, the Office proposes to set the fee at \$0. When an assignment is sent to the Office in a manner other than using the Office's electronic system, the Office proposes to set the fee at the current amount of \$40. Providing these *patent prosecution options for applicants* benefits a majority of owners who typically record assignments. In addition, the *patent prosecution options for applicants* also benefit the overall IP system by reducing the financial barrier for recording patent ownership information and facilitating a more complete record of assigned applications and grants.

*C. Fees With No Proposed Changes (or Changes of Less Than Plus or Minus 5 Percent and 10 Dollars)*

The Office proposes to set all other categories of fees not discussed above at existing fee rates or at adjusted slightly fees (i.e., less than plus or minus 5 percent and 10 dollars) to be rounded to the nearest ten dollars by applying standard arithmetic rules. The resulting proposed fee amounts will be convenient to patent users and permit the Office to set micro entity fees at whole dollar amounts when applying

the fee reduction. These other fees, such as those related to disclosing patent information to the public (excluding the PGPub fee) and patent attorney/agent enrollment and discipline fees, are already set at appropriate levels to achieve the Office's goals expressed in this rulemaking.

*D. Overall Comparison of the Proposed Patent Fee Schedule to the Current Fees*

Overall, the total amount of fees under this proposed rule that would be added together to obtain a basic patent decreases when compared to the total fees paid for the same services under the current fee schedule. This decrease is substantial (22 percent) from application to issue (*see* Table 37). When additional processing options such as RCEs are included, the decrease becomes smaller after the first RCE (11 percent) and eventually begins increasing after a second RCE (6 percent) (*see* Tables 38 and 39). The staging of appeal fees proposed in this rule offers similar decreases in the total fees paid when filing a notice of appeal. Under the proposed fee schedule, the total fees for both filing an appeal and to obtain a basic patent decrease from the current fee schedule (21 percent) (*see* Table 40). If the appeal is forwarded to the BPAI for a decision after the Examiner's Answer, then the total fees increase (23 percent) (*see* Table 40). Once an applicant has obtained a basic patent, the cost to maintain it remains substantially the same through the second stage maintenance fee. However, at the third stage maintenance fee, once the patent holder has more information on the value of the patent, the total fees increase (26 percent) (*see* Table 41). This structure reflects the key policy considerations for *fostering innovation, facilitating effective administration of the patent system, and offering patent*

*prosecution options to applicants.* Additional details about each of these payment structures are outlined below. To simplify the comparison among fee schedules, the time value of money has not been estimated in the examples below.

1. Routine Application Processing Fees and First RCE Fees Decrease

The total amount paid for routine fees to obtain a basic patent (i.e., filing, search, examination, publication, and issue) under the proposed fee structure will decrease compared to the current fee structure, as shown in Table 37. This overall decrease is possible because the decrease in pre-grant patent application

publication and issue fees from \$2,040 to \$960 (a decrease of \$1,080) more than offsets the increase in large entity filing, search, and examination fees from \$1,250 to \$1,600 (an increase of \$350). The net effect is a \$730 (or 22 percent) decrease in total fees paid under the proposed fee structure when compared to the current fee structure. This *fosters innovation* by reducing the cost to obtain a basic successful patent.

TABLE 37—COMPARISON OF PROPOSED PATENT FEE SCHEDULE TO THE CURRENT PATENT FEES FROM FILING THROUGH ISSUE

Fee	Current	Proposed on 2/7/2012	Proposed in this NPRM
Filing, Search, and Examination .....	\$1,250	\$1,840	\$1,600
Pre-Grant Publication and Issue .....	2,040	960	960
Total .....	3,290	2,800	2,560

When an application for a first RCE is submitted to complete prosecution, the total fees beginning with filing to obtain a basic patent continue to remain less than would be paid under the current

fee schedule. This overall decrease continues to be possible because of the decrease in pre-grant patent application publication and issue fees. The net effect of the proposed fee schedule,

including a first RCE, is a \$460 (or 11 percent) decrease in total fees paid under the proposed fee structure when compared to the current fee structure, as shown in Table 38.

TABLE 38—COMPARISON OF THE PROPOSED PATENT FEES TO THE CURRENT PATENT FEES FROM FILING THROUGH ISSUE WITH ONE RCE

Fee	Current	Proposed on 2/7/2012	Proposed in this NPRM
Filing, Search, and Examination .....	\$1,250	\$1,840	\$1,600
First RCE .....	930	1,700	1,200
Pre-Grant Publication and Issue .....	2,040	960	960
Total .....	4,220	4,500	3,760

When adding a second RCE to prosecution, the total fees increase slightly, by \$310 (or 6 percent), as

shown in Table 39. However, the proposed total fees from applicant filing are \$740 (or 12 percent) less than the

total fees included in the proposal delivered to PPAC on February 7, 2012.

TABLE 39—COMPARISON OF THE PROPOSED PATENT FEES TO THE CURRENT PATENT FEES WITH TWO RCEs

Fee	Current	Proposed on 2/7/2012	Proposed in this NPRM
Filing, Search, and Examination .....	\$1,250	\$1,840	\$1,600
First RCE .....	930	1,700	1,200
Second and subsequent RCE .....	930	1,700	1,700
Pre-Grant Publication and Issue .....	2,040	960	960
Total .....	5,150	6,200	5,460

2. Initial Appeals Fees Decrease

Instead of filing an RCE, an applicant may choose to file a notice of appeal. When adding the notice of appeal and the briefing filing fees (allowing the applicant to receive the Examiner's Answer) to the fees to obtain a basic patent, the total fees from application filing decrease by \$970 (or 21 percent)

from the current total fees. If the prosecution issues are not resolved prior to forwarding an appeal to the Board, the fees increase because the Office proposes to recover more of the appeals cost. In that instance, fees will increase by \$1,030 (or 23 percent) more than would be paid today for an appeal decision. However, under this new proposal, the staging of fees allows the

applicant to pay less than under the current fee schedule in situations where an application is either allowed or prosecution is reopened before being forwarded to the Board. The proposed total fees from applicant filing are \$1,240 (or 18 percent) less than the total fees included in the proposal that the Office delivered to PPAC on February 7, 2012.

TABLE 40—COMPARISON OF THE PROPOSED PATENT FEES AND CURRENT PATENT FEES, WITH AN APPEAL

Fee	Current	Proposed on 2/7/2012	Proposed in this NPRM
Filing, Search, and Examination .....	\$1,250	\$1,840	\$1,600
Notice of Appeal and Filing a Brief .....	1,240	1,500	1,000
Pre-Grant Publication and Issue .....	2,040	960	960
Subtotal for Fees paid before Examiner's Answer .....	4,530	4,300	3,560
Appeal Forwarding Fee .....	NEW	2,500	2,000
Subtotal for Fees if Appeal is Forwarded to Board for Decision .....	4,530	6,800	5,560

3. Maintenance Fees Increase

When a patent holder begins maintaining an issued patent, he or she will pay \$260, (or 6 percent) less than is paid under the current fee schedule from initial application filing through the first stage. To maintain the patent

through second stage, a patent holder will pay \$490 (large entity), or 7 percent more than is paid today under the current fee schedule. When a patent is maintained for full term, a patent holder will pay \$3,160 (or 26 percent) more than would be paid under the current fee schedule. The most significant

maintenance fee increase occurs after holding a patent for 11.5 years, which is when a patent holder will be in a better position to determine whether the benefit (value) from the patent exceeds the cost (maintenance fee) to maintain the patent.

TABLE 41—COMPARISON OF THE PROPOSED PATENT FEE SCHEDULES TO THE CURRENT FEES, LIFE OF PATENT

Fee	Current	Proposed on 2/7/2012	Proposed in this NPRM
Filing, Search, and Examination .....	\$1,250	\$1,840	\$1,600
Pre-Grant Publication and Issue .....	2,040	960	960
Total Through Issue .....	3,290	2,800	2,560
First Stage Maintenance—3.5 years .....	1,130	1,600	1,600
Cumulative Subtotal .....	4,420	4,400	4,160
Second Stage Maintenance—7.5 years .....	2,850	3,600	3,600
Cumulative Subtotal .....	7,270	8,000	7,760
Third Stage Maintenance—11.5 years .....	4,730	7,600	7,400
Total Fees for Life of Patent .....	12,000	15,600	15,160

VI. Discussion of Specific Rules

Title 37 of the Code of Federal Regulations, Parts 1 and 41, are proposed to be amended as follows:

Section 1.16: Sections 1.16(a)(1), (b)(1), (c)(1), (d), (e)(1), (f) through (s)

would be amended to set forth the application filing, excess claims, search, examination, and application size fees for patent applications filed as authorized under section 10 of the Act. This section would no longer

distinguish between applications filed before or after December 8, 2004, because section 11 of the AIA no longer makes the distinction. The changes to the fee amounts indicated in section 1.16 are shown in Table 42.

TABLE 42

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.16(a)(1) .....	1011/2011/3011	Basic Filing Fee—Utility .....	380	190	280	140	70
1.16(a)(1) .....	4011	Basic Filing Fee—Utility (elec- tronic filing for small entities).	n/a	95	n/a	70	n/a
1.16(b)(1) .....	1012/2012/3012	Basic Filing Fee—Design .....	250	125	180	90	45
1.16(b)(1) .....	1017/2017/3017	Basic Filing Fee—Design (CPA).	250	125	180	90	45
1.16(c)(1) .....	1013/2013/3013	Basic Filing Fee—Plant .....	250	125	180	90	45
1.16(d) .....	1005/2005/3005	Provisional Application Filing Fee.	250	125	260	130	65
1.16(e)(1) .....	1014/2014/3014	Basic Filing Fee—Reissue .....	380	190	280	140	70
1.16(e)(1) .....	1019/2019/3019	Basic Filing Fee—Reissue (CPA).	380	190	280	140	70

TABLE 42—Continued

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.16(f) .....	1051/2051/3051	Surcharge—Late Filing Fee, Search Fee, Examination Fee or Oath or Declaration.	130	65	140	70	35
1.16(g) .....	1052/2052/3052	Surcharge—Late Provisional Filing Fee or cover sheet.	50	25	60	30	15
1.16(h) .....	1201/2201/3201	Independent Claims in Excess of Three.	250	125	420	210	105
1.16(h) .....	1204/2204/3204	Reissue Independent Claims in Excess of Three.	250	125	420	210	105
1.16(i) .....	1202/2202/3202	Claims in Excess of 20 .....	60	30	80	40	20
1.16(i) .....	1205/2205/3205	Reissue Claims in Excess of 20	60	30	80	40	20
1.16(j) .....	1203/2203/3203	Multiple Dependent Claim .....	450	225	780	390	195
1.16(k) .....	1111/2111/3111	Utility Search Fee .....	620	310	600	300	150
1.16(l) .....	1112/2112/3112	Design Search Fee .....	120	60	120	60	30
1.16(m) .....	1113/2113/3113	Plant Search Fee .....	380	190	380	190	95
1.16(n) .....	1114/2114/3114	Reissue Search Fee .....	620	310	600	300	150
1.16(o) .....	1311/2311/3311	Utility Examination Fee .....	250	125	720	360	180
1.16(p) .....	1312/2312/3312	Design Examination Fee .....	160	80	460	230	115
1.16(q) .....	1313/2313/3313	Plant Examination Fee .....	200	100	580	290	145
1.16(r) .....	1314/2314/3314	Reissue Examination Fee .....	750	375	2,160	1,080	540
1.16(s) .....	1081/2081/3081	Utility Application Size Fee— For Each Additional 50 Sheets That Exceeds 100 Sheets.	310	155	400	200	100
1.16(s) .....	1082/2082/3082	Design Application Size .....	310	155	400	200	100
1.16(s) .....	1083/2083/3083	Fee—For Each Additional 50 Sheets That Exceeds 100 Sheets. Plant Application Size Fee— For Each Additional 50 Sheets That Exceeds 100 Sheets.	310	155	400	200	100
1.16(s) .....	1084/2084/3084	Reissue Application Size .....	310	155	400	200	100
1.16(s) .....	1085/2085/3085	Fee—For Each Additional 50 Sheets That Exceeds 100 Sheets. Provisional Application Size Fee—For Each Additional 50 Sheets That Exceeds 100 Sheets.	310	155	400	200	100

Section 1.17: Sections 1.17(a)(1) through (a)(5), (c), (e) through (t) would be amended and (d) and (e) would be

added to set forth the application processing fees as authorized under section 10 of the Act. The changes to the

fee amounts indicated in section 1.17 are shown in Table 43.

TABLE 43

CFR section	Fee Code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.17(a)(1) .....	1251/2251/3251	Extension for Response Within First Month.	150	75	200	100	50
1.17(a)(2) .....	1252/2252/3252	Extension for Response Within Second Month.	560	280	600	300	150
1.17(a)(3) .....	1253/2253/3253	Extension for Response Within Third Month.	1,270	635	1,400	700	350
1.17(a)(4) .....	1254/2254/3254	Extension for Response Within Fourth Month.	1,980	990	2,200	1,100	550
1.17(a)(5) .....	1255/2255/3255	Extension for Response Within Fifth Month.	2,690	1,345	3,000	1,500	750
1.17(c) .....	1817/2817/3817	Request for Prioritized Examination.	4,800	2,400	4,000	2,000	1,000
1.17(d) .....	NEW	Correct Inventorship After First Action on Merits.	NEW	NEW	1,000	500	250

TABLE 43—Continued

CFR section	Fee Code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.17(e) .....	1801/2801/3801	Request for Continued Examination (RCE) (1st request) (see 37 CFR 1.114).	930	465	1,200	600	300
1.17(e) .....	NEW	Request for Continued Examination (RCE) (2nd and subsequent request).	NEW	NEW	1,700	850	425
1.17(f) .....	1462/2462/3462	Petitions Requiring the Petition Fee Set Forth in 37 CFR 1.17(f) (Group I).	400	n/a	400	200	100
1.17(g) .....	1463/2463/3463	Petitions Requiring the Petition Fee Set Forth in 37 CFR 1.17(g) (Group II).	200	n/a	200	100	50
1.17(h) .....	1464/2464/3464	Petitions Requiring the Petition Fee Set Forth in 37 CFR 1.17(h) (Group III).	130	n/a	140	70	35
1.17(i) .....	1053/2053/3053	Non-English Specification .....	130	n/a	140	70	35
1.17(i) .....	1808	Processing Fee, Except in Provisional Applications.	130	n/a	130	n/a	n/a
1.17(i) .....	1803	Request for Voluntary Publication or Republication.	130	n/a	130	n/a	n/a
1.17(k) .....	1802	Request for Expedited Examination of a Design Application.	900	n/a	900	450	225
1.17(l) .....	1452/2452/3452	Petition to Revive Unavoidably Abandoned Application.	620	310	640	320	160
1.17(m) .....	1453/2453/3453	Petition to Revive Unintentionally Abandoned Application.	1,860	930	1,900	950	475
1.17(p) .....	1806/2806/3806	Submission of an Information Disclosure Statement.	180	n/a	180	90	45
1.17(q) .....	1807	Processing Fee for Provisional Applications.	50	n/a	50	n/a	n/a
1.17(r) .....	1809/2809/3809	Filing a Submission After Final Rejection (see 37 CFR 1.129(a)).	810	405	840	420	210
1.17(s) .....	1810/2810/3810	For Each Additional Invention to be Examined (see 37 CFR 1.129(b)).	810	405	840	420	210
1.17(t) .....	1454/2454/3454	Acceptance of an Unintentionally Delayed Claim for Priority, or for Filing a Request for the Restoration of the Right of Priority.	1,410	n/a	1,420	710	355

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

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

By a micro entity (§ 1.29(a)) ....	\$250.00
By a small entity (§ 1.27(a)) ....	\$500.00
By other than a small or micro entity .....	\$1,000.00

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

By a micro entity .....	\$300.00
By a small entity (§ 1.27(a) of this title) .....	\$600.00
By other than a small or micro entity .....	\$1,200.00

By a small entity (§ 1.27(a) of the title) .....	\$850.00
By other than a small or micro entity .....	\$1,700.00

*Section 1.18:* Sections 1.18(a) through (f) would be amended 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 44.

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

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

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

By a micro entity .....	\$425.00
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TABLE 44

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.18(a) .....	1501/2501/3501	Utility Issue Fee .....	1,740	870	960	480	240

TABLE 44—Continued

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.18(a) .....	1511/2511/3511	Reissue Issue Fee .....	1,740	870	960	480	240
1.18(b) .....	1502/2502/3502	Design Issue Fee .....	990	495	560	280	140
1.18(c) .....	1503/2503/3503	Plant Issue Fee .....	1,370	685	760	380	190
1.18(d)(1) .....	1504	Publication Fee for Early, Voluntary, or Normal Publication.	300	n/a	0	n/a	n/a
1.18(d)(2) .....	1505	Publication Fee for Republication.	300	n/a	300	n/a	n/a
1.18(e) .....	1455	Filing an Application for Patent Term Adjustment.	200	n/a	200	n/a	n/a
1.18(f) .....	1456	Request for Reinstatement of Term Reduced.	400	n/a	400	n/a	n/a

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

(d)(1) Publication fee ..... \$0.00  
 (d)(2) Republication fee  
 (§ 1.221(a) ..... \$300.00

*Section 1.19:* Sections 1.19(a)(1) through (a)(3), (b)(1)(i)(A) through (b)(1)(i)(D), (b)(1)(ii)(A), (b)(1)(ii)(B), (b)(1)(ii)(C), (b)(2)(i)(A), (b)(2)(i)(B), (b)(2)(ii), (b)(3), (b)(4), and (c) through (g) would be amended to set forth the

patent document supply fees as authorized under section 10 of the Act. The changes to the fee amounts set are indicated in § 1.19 are shown in Table 45.

TABLE 45

CFR section	Fee code	Description	Current fees with CPI (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.19(a)(1) .....	8001	Printed Copy of Patent w/o Color, Delivery by USPS, USPTO Box, or Electronic Means.	3	n/a	3	n/a	n/a
1.19(a)(2) .....	8003	Printed Copy of Plant Patent in Color.	15	n/a	15	n/a	n/a
1.19(a)(3) .....	8004	Color Copy of Patent (other than plant patent) or SIR Containing a Color Drawing.	25	n/a	25	n/a	n/a
1.19(a)(1) .....	8005	Patent Application Publication (PAP).	3	n/a	3	n/a	n/a
1.19(b)(1)(i)(A) ..	8007	Copy of Patent Application as Filed.	20	n/a	20	n/a	n/a
1.19(b)(1)(i)(B) ..	8008	Copy of Patent-Related File Wrapper and Contents of 400 or Fewer Pages, if Provided on Paper.	200	n/a	200	n/a	n/a
1.19(b)(1)(i)(C) ..	8009	Additional Fee for Each Additional 100 Pages of Patent-Related File Wrapper and (Paper) Contents, or Portion Thereof.	40	n/a	40	n/a	n/a
1.19(b)(1)(i)(D) ..	8010	Individual Application Documents, Other Than Application as Filed, per Document.	25	n/a	25	n/a	n/a
1.19(b)(1)(ii)(A)	8007	Copy of Patent Application as Filed.	20	n/a	20	n/a	n/a
1.19(b)(1)(ii)(B)	8011	Copy of Patent-Related File Wrapper and Contents if Provided Electronically or on a Physical Electronic Medium as Specified in 1.19(b)(1)(ii).	55	n/a	55	n/a	n/a
1.19(b)(1)(ii)(C)	8012	Additional Fee for Each Continuing Physical Electronic Medium in Single Order of 1.19(b)(1)(ii)(B).	15	n/a	15	n/a	n/a
1.19(b)(1)(iii)(A)	8007	Copy of Patent Application as Filed.	20	n/a	20	n/a	n/a

TABLE 45—Continued

CFR section	Fee code	Description	Current fees with CPI (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.19(b)(1)(iii)(B)	8011	Copy of Patent-Related File Wrapper and Contents if Provided Electronically or on a Physical Electronic Medium.	55	n/a	55	n/a	n/a
1.19(b)(2)(i)(A) ..	8041	Copy of Patent-Related File Wrapper Contents That Were Submitted and Are Stored on Compact Disk or Other Electronic Form (e.g., compact disks stored in artifact folder), Other Than as Available in 1.19(b)(1); First Physical Electronic Medium in a Single Order.	55	n/a	55	n/a	n/a
1.19(b)(2)(i)(B) ..	8042	Additional Fee for Each Continuing Copy of Patent-Related File Wrapper Contents as Specified in 1.19(b)(2)(i)(A).	15	n/a	15	n/a	n/a
1.19(b)(2)(ii) .....	8043	Copy of Patent-Related File Wrapper Contents That Were Submitted and are Stored on Compact Disk, or Other Electronic Form, Other Than as Available in 1.19(b)(1); If Provided Electronically Other Than on a Physical Electronic Medium, per Order.	55	n/a	55	n/a	n/a
1.19(b)(3) .....	8013	Copy of Office Records, Except Copies of Applications as Filed.	25	n/a	25	n/a	n/a
1.19(b)(4) .....	8014	For Assignment Records, Abstract of Title and Certification, per Patent.	25	n/a	25	n/a	n/a
1.19(c) .....	8904	Library Service .....	50	n/a	50	n/a	n/a
1.19(d) .....	8015	List of U.S. Patents and SIRs in Subclass.	3	n/a	3	n/a	n/a
1.19(e) .....	8016	Uncertified Statement re Status of Maintenance Fee Payments.	10	n/a	10	n/a	n/a
1.19(f) .....	8017	Copy of Non-U.S. Document ....	25	n/a	25	n/a	n/a
1.19(g) .....	8050	Petitions for Documents In Form Other Than That Provided By This Part, or In Form Other Than That Generally Provided by Director, to be Decided in Accordance With Merits.	at cost	n/a	at cost	n/a	n/a

Section 1.20: Sections 1.20(a), (b), (c)(1) through (c)(4), (c)(6), (c)(7), (d) through (k) would be amended to set

forth the reexamination excess claims fees, disclaimer fees, and maintenance fees as authorized under section 10 of

the Act. The changes to the fee amounts indicated in § 1.20 are shown in Table 46.

TABLE 46

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.20(a) .....	1811	Certificate of Correction .....	100	n/a	100	n/a	n/a
1.20(b) .....	1816	Processing Fee for Correcting Inventorship in a Patent.	130	n/a	130	n/a	n/a
1.20(c)(1) .....	1812	Request for <i>Ex Parte</i> Reexamination.	2,520	n/a	15,000	7,500	3,750

TABLE 46—Continued

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.20(c)(3) .....	1821/2821/3821	Reexamination Independent Claims in Excess of Three and also in Excess of the Number of Such Claims in the Patent Under Reexamination.	250	125	420	210	105
1.20(c)(4) .....	1822/2822/3822	Reexamination Claims in Excess of 20 and Also in Excess of the Number of Claims in the Patent Under Reexamination.	60	30	80	40	20
1.20(c)(6) .....	NEW	Filing a Petition in a Reexamination Proceeding, Except for Those Specifically Enumerated in §§ 1.550(i) and 1.937(d).	NEW	NEW	1,940	970	485
1.20(c)(7) .....	1812	For a Refused Request for <i>Ex parte</i> Reexamination Under § 1.510 (included in the request for <i>ex parte</i> reexamination fee).	830	n/a	3,600	1,800	900
1.20(d) .....	1814/2814	Statutory Disclaimer, Including Terminal Disclaimer.	160	80	160	n/a	n/a
1.20(e) .....	1551/2551/3551	Maintenance Fee Due at 3.5 Years.	1,130	565	1,600	800	400
1.20(f) .....	1552/2552/3552	Maintenance Fee Due at 7.5 Years.	2,850	1,425	3,600	1,800	900
1.20(g) .....	1553/2553/3553	Maintenance Fee Due at 11.5 Years.	4,730	2,365	7,400	3,700	1,850
1.20(h) .....	1554/2554/3554	Maintenance Fee Surcharge—3.5 Years—Late Payment Within 6 Months.	150	75	160	80	40
1.20(h) .....	1555/2555/3555	Maintenance Fee Surcharge—7.5 Years—Late Payment Within 6 Months.	150	75	160	80	40
1.20(h) .....	1556/2556/3556	Maintenance Fee Surcharge—11.5 Years—Late Payment Within 6 Months.	150	75	160	80	40
1.20(i)(1) .....	1557/2557/3557	Maintenance Fee Surcharge After Expiration—Late Payment is Unavoidable.	700	n/a	700	350	175
1.20(i)(2) .....	1558/2558/3558	Maintenance Fee Surcharge After Expiration—Late Payment is Unintentional.	1,640	n/a	1,640	820	410
1.20(j)(1) .....	1457	Extension of Term of Patent ....	1,120	n/a	1,120	n/a	n/a
1.20(j)(2) .....	1458	Initial Application for Interim Extension ( <i>see</i> 37 CFR 1.790).	420	n/a	420	n/a	n/a
1.20(j)(3) .....	1459	Subsequent Application for Interim Extension ( <i>see</i> 37 CFR 1.790).	220	n/a	220	n/a	n/a
1.20(k)(1) .....	NEW	Processing and Treating a Request for Supplemental Examination.	NEW	NEW	4,400	2,200	1,100
1.20(k)(2) .....	NEW	<i>Ex Parte</i> Reexamination Ordered as a Result of a Supplemental Examination Proceeding.	NEW	NEW	13,600	6,800	3,400
1.20(k)(3)(i) .....	NEW	For Processing and Treating, in a Supplemental Examination Proceeding, a Non-Patent Document Over 20 Sheets in Length, per Document Between 21–50 Pages.	NEW	NEW	180	90	45

TABLE 46—Continued

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.20(k)(3)(ii) .....	NEW	For Processing and Treating, in a Supplemental Examination Proceeding, a Non-Patent Document Over 20 Sheets in Length, per Document for Each Additional 50 Sheets or Fraction Thereof.	NEW	NEW	280	140	70

Section 1.21: Sections 1.21(a)(1)(i), (a)(1)(ii)(A), (a)(1)(ii)(B), (a)(10), (a)(2), (a)(4), (a)(4)(i), (a)(5)(i), (a)(5)(ii), (a)(7)(i) through (a)(7)(iv), (a)(8), (a)(9)(i),

(a)(9)(ii), (a)(10), (b)(3), (e), (g) through (k), and (n) would be amended to set forth miscellaneous fees and charges as authorized under section 10 of the Act.

The changes to the fee amounts indicated in § 1.21 are shown in Table 47.

TABLE 47

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.21(a)(1)(i) .....	9001	Application Fee (non-refundable).	40	n/a	40	n/a	n/a
1.21(a)(1)(ii)(A)	9010	For Test Administration by Commercial Entity.	200	n/a	200	n/a	n/a
1.21(a)(1)(ii)(B)	9011	For Test Administration by the USPTO.	450	n/a	450	n/a	n/a
1.21(a)(2) .....	9003	Registration to Practice or Grant of Limited Recognition under § 11.9(b) or (c).	100	n/a	100	n/a	n/a
1.21(a)(2) .....	9025	Registration to Practice for Change of Practitioner Type.	100	n/a	100	n/a	n/a
1.21(a)(4) .....	9005	Certificate of Good Standing as an Attorney or Agent.	10	n/a	10	n/a	n/a
1.21(a)(4)(i) .....	9006	Certificate of Good Standing as an Attorney or Agent, Suitable for Framing.	20	n/a	20	n/a	n/a
1.21(a)(5)(i) .....	9012	Review of Decision by the Director of Enrollment and Discipline under § 11.2(c).	130	n/a	130	n/a	n/a
1.21(a)(5)(ii) .....	9013	Review of Decision of the Director of Enrollment and Discipline under § 11.2(d).	130	n/a	130	n/a	n/a
1.21(a)(7)(i) .....	9015	Annual Fee for Registered Attorney or Agent in Active Status.	118	n/a	120	n/a	n/a
1.21(a)(7)(ii) .....	9016	Annual Fee for Registered Attorney or Agent in Voluntary Inactive Status.	25	n/a	25	n/a	n/a
1.21(a)(7)(iii) .....	9017	Requesting Restoration to Active Status from Voluntary Inactive Status.	50	n/a	50	n/a	n/a
1.21(a)(7)(iv) .....	9018	Balance of Annual Fee Due upon Restoration to Active Status from Voluntary Inactive Status.	93	n/a	100	n/a	n/a
1.21(a)(8) .....	9019	Annual Fee for Individual Granted Limited Recognition.	118	n/a	120	n/a	n/a
1.21(a)(9)(i) .....	9020	Delinquency Fee for Annual Fee.	50	n/a	50	n/a	n/a
1.21(a)(9)(ii) .....	9004	Reinstatement to Practice .....	100	n/a	100	n/a	n/a
1.21(a)(10) .....	9014	Application Fee for Person Disciplined, Convicted of a Felony or Certain Misdemeanors under § 11.7(h).	1,600	n/a	1,600	n/a	n/a
1.21(e) .....	8020	International Type Search Report.	40	n/a	40	n/a	n/a

TABLE 47—Continued

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.21(g) .....	8902	Self-Service Copy Charge, per Page.	0.25	n/a	0.25	n/a	n/a
1.21(h)(1) .....	NEW	Recording Each Patent Assignment, Agreement or Other Paper, per Property if Submitted Electronically.	NEW	NEW	0	n/a	n/a
1.21(h)(2) .....	8021	Recording Each Patent Assignment, Agreement or Other Paper, per Property if not Submitted Electronically.	40	n/a	40	n/a	n/a
1.21(i) .....	8022	Publication in Official Gazette ..	25	n/a	25	n/a	n/a
1.21(j) .....	8023	Labor Charges for Services, per Hour or Fraction Thereof.	40	n/a	40	n/a	n/a
1.21(k) .....	8024	Unspecified Other Services, Excluding Labor.	at cost	n/a	at cost	n/a	n/a
1.21(k) .....	9024	Unspecified Other Services, Excluding Labor.	at cost	n/a	at cost	n/a	n/a
1.21(n) .....	8026	Handling Fee for Incomplete or Improper Application.	130	n/a	130	n/a	n/a

**§ 1.21 Miscellaneous fees and charges.**

(h) For recording each assignment, agreement, or other paper relating to the property in a patent or application, per property:

- (1) If submitted electronically \$0.00
  - (2) If not submitted electronically \$40.00
- Section 1.445:* Sections 1.445(a)(1) through (a)(4) would be amended to set

forth the international application filing, processing, and search fees as authorized under section 10 of the Act. The changes to the fee amounts indicated in § 1.445 are shown in Table 48.

TABLE 48

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.445(a)(1) .....	1601	PCT International Stage Transmittal Tee.	240	n/a	240	120	60
1.445(a)(2) .....	1602	PCT International Stage Search Fee—Regardless of Whether There is a Corresponding Application (see 35 U.S.C. 361(d) and PCT Rule 16).	2,080	n/a	2,080	1,040	520
1.445(a)(3) .....	1604	PCT International Stage Supplemental Search Fee When Required, per Additional Invention.	2,080	n/a	2,080	1,040	520
1.445(a)(4) .....	1621	Transmitting Application to International Bureau to Act as Receiving Office.	240	n/a	240	120	60

*Section 1.482:* Sections 1.482(a)(1) and (a)(2) would be amended to set forth the international application filing,

processing, and search fees as authorized under section 10 of the Act. The changes to the fee amounts

indicated in § 1.445 are shown in Table 49.

TABLE 49

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.482(a)(1)(i) .....	1605	PCT International Stage Preliminary Examination Fee—U.S. was the ISA.	600	n/a	600	300	150

TABLE 49—Continued

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.482(a)(1)(ii) ....	1606	PCT International Stage Preliminary Examination Fee—U.S. was not the ISA.	750	n/a	760	380	190
1.482(a)(2) .....	1607	PCT International Stage Supplemental Examination Fee per Additional Invention.	600	n/a	600	300	150

Section 1.492: Sections 1.492(a), (b)(1) through (b)(4), (c)(2), (d) through (f), (h), (i) and (j) would be amended to set forth the application filing, excess claims,

search, examination, and application size 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 50.

TABLE 50

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
1.492(a) .....	1631/2631	Basic PCT National Stage Fee	380	190	280	140	70
1.492(b)(1) .....	1640/2640	PCT National Stage Search Fee—U.S. was the ISA or IPEA and All Claims Satisfy PCT Article 33(1)–(4).	0	0	0	0	0
1.492(b)(2) .....	1641/2641	PCT National Stage Search Fee—U.S. was the ISA.	120	60	120	60	30
1.492(b)(3) .....	1642/2642	PCT National Stage Search Fee—Search Report Prepared and Provided to USPTO.	490	245	480	240	120
1.492(b)(4) .....	1632/2632	PCT National Stage Search Fee—All Other Situations.	620	310	600	300	150
1.492(c)(1) .....	1643/2643	PCT National Stage Examination Fee—U.S. was the ISA or IPEA and All Claims Satisfy PCT Article 33(1)–(4).	0	0	0	0	0
1.492(c)(2) .....	1633/2633	National Stage Examination Fee—All Other Situations.	250	125	720	360	180
1.492(d) .....	1614/2614	PCT National Stage Claims—Extra Independent (over three).	250	125	420	210	105
1.492(e) .....	1615/2615	PCT National Stage Claims—Extra Total (over 20).	60	30	80	40	20
1.492(f) .....	1616/2616	PCT National Stage Claims—Multiple Dependent.	450	225	780	390	195
1.492(h) .....	1617/2617	Search Fee, Examination Fee or Oath or Declaration After Thirty Months From Priority Date.	130	65	140	70	35
1.492(i) .....	1618/2618	English Translation After Thirty Months From Priority Date.	130	n/a	140	70	35
1.492(j) .....	1681/2681	PCT National Stage Application Size Fee—for Each Additional 50 Sheets that Exceeds 100 Sheets.	310	155	400	200	100

Section 41.20: Sections 41.20(a) and (b)(1) through (b)(4) would be amended

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 51.

TABLE 51

CFR section	Fee code	Description	Current fees (dollars)		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
41.20(a) .....	1405	Petitions to the Chief Administrative Patent Judge under 37 CFR 41.3.	400	n/a	400	n/a	n/a
41.20(b)(1) .....	1401/2401	Notice of Appeal .....	620	310	1,000	500	250
41.20(b)(2)(i) .....	1402/2402	Filing a Brief in Support of an Appeal in an Application or <i>Ex Parte</i> Reexamination Proceeding.	620	310	0	0	0
41.20(b)(2)(ii) .....	NEW	Filing a Brief in Support of an Appeal in an <i>Inter Partes</i> Reexamination Proceeding.	NEW	NEW	2,000	1,000	500
41.20(b)(3) .....	1403/2403	Request for Oral Hearing .....	1,240	620	1,300	650	325
41.20(b)(4) .....	NEW	Forwarding an Appeal in an Application or <i>Ex Parte</i> Reexamination Proceeding to the Board.	NEW	NEW	2,000	1,000	500

Section 41.20 Fees: Section 41.20 would be amended by revising paragraphs (a) and (b) to read as follows:

**§ 41.20 Fees.**

\* \* \* \* \*

(a) Petition fee. The fee for filing a petition under this part is \$400.00.

(b) Appeal fees.

(1) For filing a notice of appeal from the examiner to the Board:

By a micro entity (§ 1.29(a)) ....	\$250.00
By a small entity (§ 1.27(a)) ....	\$500.00
By other than a small or micro entity .....	\$1,000.00

(2)(i) For filing a brief in support of an appeal in an application or *ex parte* reexamination proceeding: \$0.00.

(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:

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

(3) For filing a request for an oral hearing before the Board in an appeal under 35 U.S.C. 134:

By a micro entity (§ 1.29(a)) ....	\$325.00
By a small entity (§ 1.27(a)) ....	\$650.00
By other than a small or micro entity .....	\$1,300.00

(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:

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

Section 41.37: Section 41.37 would be amended by revising paragraphs (a) and (b) to read as follows:

**§ 41.37 Appeal brief.**

(a) Timing. Appellant must file a brief under this section within two months from the date of filing the notice of appeal under § 41.31. The appeal brief fee in an application or *ex parte* reexamination proceeding is \$0.00, but if the appeal results in an Examiner's Answer, the appeal forwarding fee set forth in § 41.20(b)(4) must be paid within the time period specified in § 41.48 to avoid dismissal of an appeal.

(b) Failure to file a brief. On failure to file the brief within the period specified in paragraph (a) of this section, the appeal will stand dismissed.

\* \* \* \* \*

Section 41.45: Section 41.45 would be added to read as follows:

**§ 41.45 Appeal forwarding fee.**

(a) *Timing.* Appellant in an application or *ex parte* reexamination proceeding must pay the fee set forth in § 41.20(b)(4) within the later of two months from the date of either the examiner's answer, or a decision refusing to grant a petition under § 1.181 of this title to designate a new ground of rejection in an examiner's answer.

(b) *Failure to pay appeal forwarding fee.* On failure to pay the fee set forth in § 41.20(b)(4) within the period specified in paragraph (a) of this section, the appeal will stand dismissed.

(c) *Extensions of time.* Extensions of time under § 1.136(a) of this title for patent applications are not applicable to the time period set forth in this section. See § 1.136(b) of this title for extensions of time to reply for patent applications and § 1.550(c) of this title for extensions of time to reply for *ex parte* reexamination proceedings.

Section 42.15: Sections 42.15 (a) through (d) would be amended to set forth the *inter partes* review and post-grant review or covered business method patent review of patent fees as authorized under section 10 of the Act. The changes to the fee amounts indicated in § 42.15 are shown in Table 52.

TABLE 52

CFR section	Fee code	Description	Current fees		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
42.15(a)(1) .....	NEW	<i>Inter Partes</i> Review Request Fee.	NEW	NEW	9,000	n/a	n/a
42.15(a)(2) .....	NEW	<i>Inter Partes</i> Review Post-Institution Fee.	NEW	NEW	14,000	n/a	n/a

TABLE 52—Continued

CFR section	Fee code	Description	Current fees		Proposed fees (dollars)		
			Large	Small	Large	Small	Micro
42.15(a)(3) .....	NEW	In Addition to the <i>Inter Partes</i> Review Request Fee, for Requesting Review of Each Claim in Excess of 20.	NEW	NEW	200	n/a	n/a
42.15(a)(4) .....	NEW	In addition to the <i>Inter Partes</i> Post-Institution Fee, for Requesting Review of Each Claim in Excess of 15.	NEW	NEW	400	n/a	n/a
42.15(b)(1) .....	NEW	Post Grant or Covered Business Method Patent Review Request Fee.	NEW	NEW	12,000	n/a	n/a
42.15(b)(2) .....	NEW	Post Grant or Covered Business Method Patent Review Post-Institution Fee.	NEW	NEW	18,000	n/a	n/a
42.15(b)(3) .....	NEW	In Addition to the Post Grant or Covered Business Method Patent Review Request Fee, for Requesting Review of Each Claim in Excess of 20.	NEW	NEW	250	n/a	n/a
42.15(b)(4) .....	NEW	In Addition to the Post Grant or Covered Business Method Patent Review Post-Institution Fee, for Requesting Review of Each Claim in Excess of 15.	NEW	NEW	550	n/a	n/a
42.15(c)(1) .....	NEW	Derivation Petition .....	NEW	NEW	400	n/a	n/a
42.15(c)(2) .....	NEW	Derivation Institution and Trial Fee.	NEW	NEW	0	0	0
42.15(d) .....	NEW	Request to Make a Settlement Agreement Available.	NEW	NEW	400	n/a	n/a

Section 42.15: Section 42.15 would be added 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 ..... \$9,000.00
- (2) *Inter Partes* Review Post-Institution fee ..... \$14,000.00
- (3) In addition to the *Inter Partes* Review request fee, for requesting review of each claim in excess of 20 .. \$200.00
- (4) In addition to the *Inter Partes* Post-Institution request fee, for requesting review of each claim in excess of 15 ..... \$400.00

(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 ..... \$12,000.00
- (2) Post Grant or Covered Business Method Patent Review Post-Institution fee ..... \$18,000.00

- (3) In addition to the Post Grant or Covered Business Method Patent Review request fee, for requesting review of each claim in excess of 20 ..... \$250.00
- (4) In addition to the Post Grant or Covered Business Method Patent Review request fee Post-Institution request fee, for requesting review of each claim in excess of 15 ..... \$550.00
- (c) On the filing of a petition for a derivation proceeding, payment of the following fees is due:
  - (1) Derivation petition fee ..... \$400.00
  - (2) Derivation institution and trial fee ..... \$0.00

(d) Any request requiring payment of a fee under this part, including a written request to make a settlement agreement available: \$400.00

**Rulemaking Considerations**

*A. Regulatory Flexibility Act*

The USPTO publishes this Initial Regulatory Flexibility Analysis (IRFA) as required by the Regulatory Flexibility Act (RFA) (5 U.S.C. 601 et seq.) to examine the impact of the Office's proposed rules implementing the fee-setting provisions of the Leahy-Smith

America Invents Act (Pub. L. 112–29, 125 Stat. 284) (the Act) on small entities and to seek the public's views. Under the RFA, whenever an agency is required by 5 U.S.C. 553 (or any other law) to publish a notice of proposed rulemaking (NPRM), the agency must prepare and make available for public comment an IRFA, unless the agency certifies under 5 U.S.C. 605(b) that the proposed rule, if implemented, will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 603, 605.

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

alternative methods of setting and adjusting patent fees that would further reduce the impact on small entities.

Items 1–5 below discuss the five items specified in 5 U.S.C. 603(b)(1)–(5) to be addressed in an IRFA. Item 6 below discusses alternatives to this proposal that the Office considered.

#### 1. A Description of the Reasons Why the Action by the Agency Is Being Considered

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

#### 2. The Objectives of, and Legal Basis for, the Proposed Rule

The objective of the proposed rules is to implement the fee setting provisions of section 10 of the Act by setting or adjusting patent fees to recover the aggregate cost of patent operations, including administrative costs, while facilitating the effective administration of the U.S. patent system. 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 fees under the Act, the Office seeks to secure a sufficient amount of aggregate revenue to recover the aggregate cost of patent operations, including for achieving strategic and operational goals, such as reducing the current patent application backlog, decreasing patent pendency, improving patent quality, upgrading its patent business information technology (IT) capability and infrastructure, and implementing a sustainable funding model. As part of these efforts, the Office will use a portion of the patent fees to establish a patent operating reserve, a step toward achieving the Office’s financial sustainability goals. In

addition, the Office proposes to include multipart and staged fees for requests for continued examination and appeals, both of which aim to foster innovation and increase prosecution options. Additional information on the Office’s strategic goals may be found in the *USPTO 2010–2015 Strategic Plan*, available at [http://www.uspto.gov/about/stratplan/USPTO\\_2010\\_2015\\_Strategic\\_Plan.pdf](http://www.uspto.gov/about/stratplan/USPTO_2010_2015_Strategic_Plan.pdf). Additional information on the Office’s goals and operating requirements may be found in the *USPTO FY 2013 President’s Budget (Budget)*, available at <http://www.uspto.gov/about/stratplan/budget/fy13pbr.pdr>. The legal basis for the proposed rules is section 10 of the Act.

#### 3. A Description of and, Where Feasible, an Estimate of the Number of Small Entities To Which the Proposed Rule Will Apply

##### SBA Size Standard

The Small Business Act (SBA) size standards applicable to most analyses conducted to comply with the RFA are set forth in 13 CFR 121.201. 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 (Nov. 20, 2006), 1313 Off. Gaz. Pat. Office 60 (Dec. 12, 2006). The Office’s alternate small business size standard consists of SBA’s previously established size standard for entities entitled to pay reduced patent fees. *See* 13 CFR 121.802.

Unlike SBA’s generally applicable small business size standards, the size standard for the USPTO is not industry-specific. The Office’s definition of a small business concern for RFA purposes is a business or other concern that: (1) meets the SBA’s definition of a “business concern or concern” set forth in 13 CFR 121.105; and (2) meets the size standards set forth in 13 CFR 121.802 for the purpose of paying reduced patent fees, namely, an entity: (a) Whose number of employees, including affiliates, does not exceed 500 persons; and (b) which has not assigned,

granted, conveyed, or licensed (and is under no obligation to do so) any rights in the invention to any person who made it and could not be classified as an independent inventor, or to any concern that would not qualify as a nonprofit organization or a small business concern under this definition. *See* Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations, 71 FR 67109 (Nov. 20, 2006), 1313 Off. Gaz. Pat. Office at 63 (Dec. 12, 2006).

If a patent applicant self-identifies on a patent application as qualifying as a small entity 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 Entities Affected by This Rule

##### 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) that qualifies for reduced fees under 35 U.S.C. 41(h)(1). 35 U.S.C. 41(h)(1), in turn, 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 creates a new category of entity called a “micro entity.” 35 U.S.C. 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 [new 35 U.S.C.] 123.” 125 Stat. at 315–17.

35 U.S.C. 123(a) defines a “micro entity” as an applicant who certifies that the applicant: (1) Qualifies as a small entity as defined in 37 CFR 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), or Patent Cooperation

Treaty (PCT) applications for which the basic national fee under 35 U.S.C. 41(a) 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)), exceeding three times the median household income for that preceding calendar year, as most recently reported by the Bureau of the Census; and (4) has not assigned, granted, 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) also defines a “micro entity” as an applicant who certifies that: (1) The applicant’s employer, from which the applicant obtains the majority of the applicant’s income, is an institution of higher education as defined in section 101(1) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)); or (2) the applicant has assigned, granted, conveyed, or is under an obligation by contract or law, to assign, grant, or convey, a license or other ownership interest in the particular applications to such an institution of higher education.

#### Estimate of Number of Small Entities Affected

The changes in the proposed rules will apply to any entity, including small

and micro entities, that pays any patent fee set forth in the notice of proposed rulemaking. The reduced fee rates (50 percent for small entities and 75 percent for micro entities) will 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 53 presents a summary of such small entity filings by type of application (utility, reissue, plant, design) over the last five years.

TABLE 53—NUMBER OF PATENT APPLICATIONS FILED IN LAST FIVE YEARS\*

	FY 2011**	FY 2010	FY 2009	FY 2008	FY 2007	Average
<b>Utility:</b>						
All .....	504,089	479,332	458,901	466,258	439,578	469,632
Small .....	126,878	122,329	113,244	116,891	112,953	118,459
% Small .....	25.2	25.5	24.7	25.1	25.7	25.2
<b>Reissue:</b>						
All .....	1,139	1,138	1,035	1,080	1,057	1,090
Small .....	265	235	237	258	238	247
% Small .....	23.3	20.7	22.9	23.9	22.5	22.6
<b>Plant:</b>						
All .....	1,106	1,013	988	1,331	1,002	1,088
Small .....	574	472	429	480	358	463
% Small .....	51.9	46.6	43.4	36.1	35.7	42.7
<b>Design:</b>						
All .....	30,270	28,577	25,575	28,217	26,693	27,866
Small .....	14,699	15,133	14,591	14,373	14,620	14,683
% Small .....	48.6	53.0	57.1	50.9	54.8	52.9
<b>Total:</b>						
All .....	536,604	510,060	486,499	496,886	468,330	499,676
Small .....	142,416	138,169	128,501	132,002	128,169	133,851
% Small .....	26.5	27.1	26.4	26.6	27.4	26.8

\* The patent application filing data in this table includes RCEs.

\*\* FY 2011 application data are preliminary and will be finalized in the FY 2012 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 53. The Office estimates that small entity filing rates will continue for the next five years at these average historic rates.

The Office forecasts the number of projected patent applications (i.e., workload) for the next five years using a combination of historical data, economic analysis, and subject matter expertise. The Office estimates that utility, plant, and reissue (UPR) patent application filings would grow by 6.0 percent each year in FY 2013 and FY

2014, by 5.5 percent each year in FY 2015 and FY 2016, and by 5.0 percent in FY 2017. The Office forecasts design patent applications independently of UPR applications because they exhibit different behavior. The Office also previously estimated that design patent application filings would grow by 2.0 percent each year in FY 2013 and FY 2017. These filing estimates, however, are established prior to an analysis of elasticity based on fee adjustments. The Budget (page 36, “USPTO Fee Collection Estimates/Ranges”) further describes the Office’s workload forecasting methodology, which involves reviewing economic factors and other relevant indicators about the intellectual property environment. Exhibit 12 of the Budget presents additional performance goals and

measurement data, including the forecasted patent application filing growth rate as described above.

Using the estimated filings for the next five years, the average historic rates of small entity filings, and the Office’s elasticity estimates, Table 53 presents the Office’s estimates of the number of patent application filings by all applicants, including small entities, over the next five fiscal years by application type. As stated in *Part V* of this NPRM, and taking into account elasticity, the Office estimates that applicants will file 1.3 percent fewer patent applications during FY 2013 than the number estimated to be filed in the absence of a fee increase (with new fee schedule implementation for half the fiscal year). The Office further estimates that 2.7 percent fewer patent

applications will be filed during FY 2014 and 4.0 percent fewer patent applications beginning in FY 2015, in response to the proposed fee adjustment. Beginning in FY 2016, the growth in patent applications filed will return the same levels anticipated in the absence of a fee increase. The Office's estimate of the number of patent application filings by small entities represents an upper bound. Some entities may file more than one application in a given year.

The Office has undertaken an elasticity analysis to examine how 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 patent applicants and patentees are to fee amounts or 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 analyzes elasticity at the overall filing level across all patent applicants regardless of entity size. Additional information about elasticity estimates is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1) in the document entitled "*USPTO Section 10 Fee*

*Setting—Description of Elasticity Estimates.*" Table 53 reflects estimates for total numbers of applicants, including the portion of small entity applicants; these estimates include reductions in the application growth rate (as described in the previous paragraph) based on the estimated elasticity effect included in Table 2 of the aforementioned *Description of Elasticity Estimates* document. This estimated elasticity effect is multiplied by the estimated number of patent applications in the absence of a fee increase to obtain the estimates in Table 54. See the appendix on elasticity for additional detail on the Office's elasticity estimates and methodology.

TABLE 54—ESTIMATED NUMBERS OF PATENT APPLICATIONS IN FY 2013—FY 2017

	FY 2012 (current)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Utility:						
All .....	531,551	554,650	578,603	600,571	633,667	665,406
Small .....	134,571	141,669	147,881	153,490	161,951	170,063
Reissue:						
All .....	690	685	678	672	692	713
Small .....	152	151	149	148	152	157
Plant						
All .....	1,044	1,034	1,024	1,014	1,024	1,036
Small .....	522	517	512	507	512	518
Design:						
All .....	32,062	31,994	31,910	31,810	32,446	33,094
Small .....	16,031	15,997	15,955	15,905	16,223	16,547
Total						
All .....	565,347	588,363	612,215	634,067	667,829	700,249
Small .....	151,276	158,334	164,497	170,051	178,837	187,285

4. A Description of the Projected Reporting, Recordkeeping and Other Compliance Requirements of the Proposed Rule, Including an Estimate of the Classes of Small Entities Which Will Be Subject to the Requirement and Type of Professional Skills Necessary for Preparation of the Report or Record

If implemented, this rule will not change the burden of existing reporting and recordkeeping requirements for payment of fees. The current requirements for small entities will continue to apply to small entities. The process to assess whether an entity can claim micro entity status requires the same skill currently required to assess whether an entity can claim small entity status. The projected reporting and recordkeeping requirements for an entity to certify eligibility for micro entity fee reductions are minimal (namely, a brief certification). These minimal requirements will not require any professional skills beyond those required to file and prosecute an application. Therefore, the professional

skills necessary to file and prosecute an application through issue and maintenance remain unchanged under this proposal. This action proposes only to adjust patent fees and not to set procedures for asserting small or micro entity status, as previously discussed.

The full proposed fee schedule (*see Part VI. Discussion of Specific Rules*) is set forth in this NPRM. The proposed fee schedule sets or adjusts 352 patent fees. This fee schedule includes 9 new fees for which there are no small or micro entity fee reductions, 94 fees for which there are small entity fee reductions, and 93 fees for which there are micro entity fee reductions. One fee, Statutory Disclaimer (37 CFR 1.20(d)), was formerly eligible for a small entity fee reduction, but is no longer eligible for such reduction under section 10(b) of the Act. Similarly, Basic Filing Fee—Utility (37 CFR 1.16(a)(1), electronic filing for small entities), is set expressly for small entities in section 10(h) of the Act, and there is no corresponding large or micro entity fee.

Commensurate with changes to large entity fees, small entities will pay more than they do currently for 48 percent of the fees currently eligible for the 50 percent fee reduction. However, more fees are reduced for small entities under the Act. As a result, they will pay less than they do currently for 43 percent of the fees eligible for the 50 percent reduction (5 percent of the fees stay the same and the balance are newly proposed fees). Additionally, micro entities are eligible for fee reductions of 75 percent. Compared to what they would have paid as small entities under the current fee schedule, micro entities will pay less for 88 percent of the fees eligible for reduction.

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

The USPTO is the sole agency of the United States Government responsible for administering the provisions of title 35, United States Code, pertaining to

examining and granting patents. It is solely responsible for issuing rules to comply with section 10 of the AIA. No other Federal, state, or local entity has jurisdiction over the examination and granting of patents.

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

#### 6. Description of Any Significant Alternatives to the Proposed Rules Which Accomplish the Stated Objectives of Applicable Statutes and Which Minimize Any Significant Economic Impact of the Proposed Rules on Small Entities

The USPTO considered several alternative approaches to the proposal, discussed below, including retaining current fees, full cost recovery of fees, an across-the-board adjustment to fees, and the proposal submitted to the Patent Public Advisory Committee (PPAC) on February 7, 2012. The discussion begins with a description of the proposal in this rulemaking.

##### i. Alternative 1: Proposed Alternative—Set and Adjust Section 10 Fees

The USPTO chose the alternative proposed herein because it will enable the Office to achieve its goals effectively and efficiently without unduly burdening small entities, erecting barriers to entry, or stifling incentives to innovate. The alternative proposed here achieves the aggregate revenue needed for the Office to offset aggregate costs, and is therefore beneficial to all entities that seek patent protection. Also, the alternative proposed here offers small entities a 50 percent fee reduction and micro entities a 75 percent fee reduction. As discussed in Item 4 above, the proposed fee schedule includes a total of 94 reduced fees for small entities and 93 reduced fees for micro entities. Compared to the current patent fee schedule, small entities will see 34 small entity fees decrease and micro entities will see 74 fees decrease (when compared to the rate they would have paid as a small entity under the current fee schedule).

Given the three-month operating reserve target estimated to be achieved in FY 2017 under this proposed alternative, small and micro entities

would pay some higher fees than under some of the other alternatives considered. However, the fees are not as high as those initially proposed to PPAC (Alternative 4), which achieved the three-month target operating reserve in FY 2015. Instead, in this alternative, the Office decided to slow the growth of the operating reserve and lower key fee amounts in response to comments and feedback the PPAC received from IP stakeholders and other interested members of the public during and following the PPAC fee setting hearings.

The proposed alternative secures the Office's required revenue to meet its aggregate costs, while meeting the strategic goals of patent pendency and patent application backlog reduction that will benefit all applicants, and especially small and micro entities. Pendency is one of the most important factors in an analysis of patent fee proposal alternatives. Reducing patent pendency increases the private value of patents because patents are granted sooner, thus allowing patent holders to more quickly commercialize their innovations. Reducing pendency may also allow for earlier disclosure of information and scope of protection, which reduces uncertainty regarding the scope of patent rights and validity of claims for patentees, competitors, and new entrants. All patent applicants should benefit from the reduced pendency that will be realized under the proposed alternative. While some of the other alternatives discussed make progress toward the pendency (and related backlog reduction) goal, the proposed alternative is the only one that does so in a way that does not pose undue costs on patent applicants and holders while still achieving the Office's other strategic goals.

The proposed alternative is also uniquely responsive to stakeholder feedback in ways the other alternatives are not, including multipart and staged fees for requests for continued examination, appeals, and several of the new trial proceedings, including *inter partes* review and post grant review. These inclusions in the proposed alternative aim to *foster innovation and increase patent prosecution options for applicants* and patent holders, as discussed in the *Part V: Individual Fee Rationale* section of Supplementary Information in this NPRM. Two examples illustrate how the proposed fee structure is responsive to stakeholder feedback. First, the Office proposes two fees for RCEs. The fee for an initial RCE is set below cost; the second and any subsequent RCEs are set above the amount of the first RCE, but also estimated to be at cost recovery.

This structure recognizes stakeholder feedback and Office data about how commonplace RCEs have become as a path to patent protection. A lower first RCE fee continues to allow for use of this option, when necessary; only the more intensive use of this process, which impacts compact prosecution, requires higher fees. Second, the Office proposes to stage the payment of the appeal fees to recover additional cost at later points in time and thereby minimize the cost impacts on applicants associated with withdrawn final rejections. The Office proposes (1) a \$1,000 notice of appeal fee, (2) a \$0 fee when filing the brief, and (3) a \$2,000 fee when forwarding the appeal file—containing the appellant's Brief and the Examiner's Answer—to the BPAI for review. This structure aims to: provide *patent prosecution options for applicants* and appellants, stabilize the fee structure by recovering cost at the points in time where appeals cost is the most significant, and seek ways to minimize the cost impact on applicants associated with withdrawn rejections.

When estimating aggregate revenue, the Office used a 1.9 percent CPI increase (which was the figure included in the Budget) to estimate the amount of aggregate revenue from October 1, 2012 to an estimated date (primarily March 1, 2013, except for issue, pre-grant publication, and assignment fee changes on January 1, 2014) the proposed fees in this rule could be made final. The Office also included the fees in the January and February 2012 Proposed Rules (as adjusted by the final rules) in the aggregate revenue calculation. The proposed fee schedule for this rulemaking, as compared to existing fees (labeled Alternative 1—Proposed Alternative—Set and Adjust Section 10 Fees) is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1), in the document entitled "*USPTO Section 10 Fee Setting—IRFA Tables*". Fee changes for small and micro entities are included in the tables. For the purpose of calculating the dollar and percent fee change, fees for micro entities are compared to current fees for small entities. For the comparison between proposed fees and current fees, as noted above, the "current fees" column displays the fees that went into effect on September 16, 2011, and include the fees proposed in the January and February 2012 Proposed Rules (as adjusted by the final rules), but unlike the aggregate revenue estimates, do not include an estimated CPI fee amount.

## ii. Other Alternatives Considered

In addition to the proposed fee schedule set forth in Alternative 1, above, the Office considered several other alternative approaches.

### a. Alternative 2: Fee Cost Recovery

The USPTO considered setting most individual large entity fees at the cost of performing the activities related to the particular service, while implementing the small and micro entity fee reductions for eligible fees. Fees that are not typically set using cost data as an indicator have been set at current rates. Under this alternative, maintenance fees are set at a level sufficient to ensure the Office is able to recover the cost of mandatory expenses and offset the revenue loss from small and micro entity discounts (approximately half of the current maintenance fee rates). Additional information about the methodology for determining the cost of performing the activities, including the cost components related to respective fees, is available for review at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1) in the document titled “USPTO Section 10 Fee Setting—Activity-Based Information and Costing Methodology.” When estimating aggregate revenue, the Office used a 1.9 percent CPI increase (which was the figure included in the Budget) to estimate the amount of aggregate revenue from October 1, 2012 to an estimated date (March 1, 2013) the proposed fees in this rule could be made final. The Office also included the fees in the January and February 2012 Proposed Rules (as adjusted by the final rules) in the aggregate revenue calculation.

It is common practice in the Federal Government to set a particular fee at a level to recover the cost of that service. In OMB Circular A–25: *User Charges*, the OMB 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. However, the Office projects a significant revenue shortfall under this alternative, defeating the goals of this rulemaking.

First, this alternative would not provide sufficient funds to offset the required fee reductions for small and micro entities. Even after adjusting maintenance fees upward, aggregate revenue would suffer considerably. In response, it would be necessary for the Office to reduce operating costs (i.e., examination capacity (hiring), IT system upgrades, and various other initiatives),

the loss of which would negatively impact meeting the financial, strategic, and policy goals of this rulemaking.

Moreover, this alternative presents significant barriers to seeking patent protection, because front-end fees would increase significantly for all applicants, even with small and micro entity fee reductions. The high costs of entry into the patent system could lead to a significant decrease in the incentives to invest in innovative activities among all entities, and especially for small and micro entities. Likewise, there would be no improvements in fee design, such as the multipart RCE fees or staging the appeal fees included in Alternative 1.

In sum, this alternative is inadequate to accomplish any of the goals and strategies as stated in *Part III* of this rulemaking and so the Office has not adopted it.

The fee schedule for Alternative 2: Fee Cost Recovery is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1), in the document entitled “USPTO Section 10 Fee Setting—IRFA Tables.” Fee changes for small and micro entities are included in the tables. For the purpose of calculation the dollar and percent fee change, fees for micro entities are compared to current fees for small entities. For the comparison between proposed fees and current fees, the “current fees” column displays the fees that went into effect on September 16, 2011, and include the fees proposed in the January and February 2012 Proposed Rules (as adjusted by the final rules), but does not include an estimated CPI fee amount.

### b. Alternative 3: Across-the-Board Adjustment

In some past years, and as estimated to begin on October 1, 2012 (*see* 77 FR 8831 (May 14, 2012)), the USPTO used its authority to adjust statutory fees annually according to changes in the consumer price index (CPI), which is a commonly used measure of inflation. Building on this prior approach, Alternative 3 would set fees by applying a 6.7 percent, multi-year, across-the-board inflationary increase to the baseline (status quo) beginning in FY 2013. The increase would be in addition to the CPI increase described in the aforementioned proposed rule. The 6.7 percent represents the estimated cumulative inflationary adjustment from FY 2013 through FY 2016. The Office selected this time period to represent the fiscal year in which the fees would be effective through the fiscal year in which the operating reserve will be approaching the target level. As

estimated by the Congressional Budget Office, projected inflationary rates by fiscal year are: 1.4 percent in FY 2013, 1.5 percent in FY 2014, 1.6 percent in FY 2015, and 2.0 percent in FY 2016. Each percentage rate for a given year applies to the following year, e.g., a 1.4 percent increase for FY 2013 is applied to FY 2014. These rates are multiplied together to account for the compounding effect occurring from year-to-year; the rounded result is 6.7 percent. When estimating aggregate revenue, the Office used a 1.9 percent CPI increase (which was the figure included in the Budget) to estimate the amount of aggregate revenue from October 1, 2012 to an estimated date (March 1, 2013) the proposed fees in this rule could be made final. The Office also included the fees in the January and February 2012 Proposed Rules (as adjusted by the final rules) in the aggregate revenue calculation.

Under this alternative, the Office would not collect enough revenue to achieve strategic goals identified in *Part III* and within the timeframes identified in the Budget. This alternative would implement the small and micro entity fee reductions for eligible fees, but would also retain the same fee relationships and subsidization policies as the status quo (baseline) alternative. There would be no improvements in fee design, such as the multipart RCE fees or staging the appeal fees included in Alternative 1. Further, when looking at the aggregate revenue generated from this alternative, the Office projects that patent pendency would not change compared to the status quo. This means that while patent pendency and application backlog will first start to decrease due to the hiring initiative in FY 2012 (1,500 examiners), it would thereafter increase because adequate funding would not be available to continue hiring to increase examination capacity to work off the patent application backlog, keep pace with new incoming applications, and build an adequate operating reserve.

The fee schedule for Alternative 3: Across-the-Board Adjustment is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1), in the document entitled “USPTO Section 10 Fee Setting—IRFA Tables.” Fee changes for small and micro entities are included in the tables. For the purpose of calculating the dollar and percent fee change, fees for micro entities are compared to current fees for small entities. For the comparison between proposed fees and current fees, the “current fees” column displays the fees that went into effect on September 16, 2011, and include the fees proposed

in the January and February 2012 Proposed Rules (as adjusted by the final rule), but does not include an estimated CPI fee amount.

c. Alternative 4: Initial Proposal to the PPAC

The fee structure initially delivered to the PPAC on February 7, 2012, and published during the public hearings in February 2012, which is consistent with the Budget, would achieve the USPTO's strategic goals and objectives, including reducing backlog and pendency.

This alternative is nearly the same as the proposed Alternative 1. As described in *Part V* of this NPRM, some fees would be set to achieve cost recovery for specific patent-related services, while many others would be set either below or above cost. For example, like alternatives 1 and 3, under this alternative the Office would subsidize front-end fees set below cost (e.g., file, search, and examination) by setting back-end fees (e.g., issue and maintenance) above cost to enable a low cost of entry into the patent system. In some cases, fee rates would be set at a level during patent prosecution so that an applicant pays certain fees at a point in time relative to the amount of information available to make a decision about proceeding. Specifically, fees would be set low during prosecution when there is less certainty about the value of an applicant's invention, then begin to rise gradually starting at issue and continuing through maintenance fees at different stages of the patent lifecycle (e.g., 3.5, 7.5, and 11.5 years) when a patent holder has greater certainty in the value of the invention. This structure also considers the relationship among individual fees and the cost of operational processes, including some targeted adjustments to fees where the gap between cost and current fees is greatest.

The fee schedule for this alternative would achieve higher revenue than each of the other alternatives considered. It would permit the Office to fund the operating reserve at a rapid pace, reaching its three-month target level in FY 2015. When estimating aggregate revenue, the Office used a 1.9 percent CPI increase (which was the figure included in the Budget) to estimate the amount of aggregate revenue from October 1, 2012, to an estimated date (primarily March 1, 2013, except for issue and pre-grant publication fee changes on January 1, 2014) the proposed fees in this rule could be made final. The Office also included the fees in the January and February 2012 Proposed Rules in the aggregate revenue calculation.

However, during the PPAC hearings and comment period, stakeholders raised concerns about the rate of growth associated with the operating reserve. While most of the Office's stakeholders agree with the need for an operating reserve, many raised concerns about the need to reach the target so quickly. Stakeholders opined that such a rate of growth would impose too great of a burden on the patent user community. Many were also concerned that the fee rates associated with achieving the operating reserve target so quickly would be too high. Although this alternative would meet the Office's revenue goals, the Office ultimately rejected this alternative because it would have a greater economic impact on all entities (including small and micro entities) than the alternative proposed in this NPRM. A modified version of this alternative (with a number of lower fees) became the proposed alternative in this rulemaking.

The fee schedule for Alternative 4: Initial Proposal to PPAC is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1), in the document entitled "*USPTO Section 10 Fee Setting—IRFA Tables*." Fee changes for small and micro entities are included in the tables. For the purpose of calculation the dollar and percent fee change, fees for micro entities are compared to current fees for small entities. For the comparison between proposed fees and current fees, the "current fees" column displays the fees that went into effect on September 16, 2011, and include the fees proposed in the January and February 2012 Proposed Rules, but does not include an estimated CPI fee amount.

d. Alternative 5: Retain Current Fees (Status Quo)

The Office considered a no-action alternative. This alternative would retain the status quo, meaning that the Office would not expand the range of fees eligible for a small entity discount (50 percent), nor would it go a step further and provide micro entities with the 75 percent fee reduction that Congress provided in section 10 of the Act. This approach would not provide sufficient aggregate revenue to accomplish the Office's goals as set forth in *Part III* of this NPRM or the Strategic Plan, including hiring the examiners needed to decrease the backlog of patent applications, meeting patent pendency goals, improving patent quality, advancing IT initiatives, and achieving sustainable funding. When estimating aggregate revenue, the Office included the fees proposed in the January and February 2012 Proposed Rules (as

adjusted by the final rules) in the aggregate revenue calculation.

The status quo alternative would be detrimental to micro entities, because the proposed rule includes a 75 percent fee reduction for micro entities that will result in those applicants paying less under the proposed fee structure than they would under the status quo. Moreover, small entities generally would be harmed because fewer small entity discounts would be available.

The status quo approach would result in inadequate funding for effective patent operations. It would result in increased patent pendency levels and patent application backlog. It would also prevent the USPTO from meeting the goals in its strategic plan that are designed to achieve greater efficiency and improve patent quality. These results would negatively impact small entities just as they would negatively impact all other patent applicants. While the Office would continue to operate and make some progress toward its goals, the progress would be much slower, and in some cases, initial improvements would be eradicated in the out-years (e.g., patent pendency and the backlog would increase in the out-years as the Office fails to increase examination capacity to keep up with incoming applications). Likewise, IT improvement activities would continue, but at a slower rate due to funding limitations.

iii. Alternatives Specified by the RFA

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

Differing Requirements

As discussed above, the changes proposed in this rulemaking would establish differing requirements for small and micro entities that take into account the reduced resources available to them. Specifically, micro entities would pay a 75 percent reduction in patent fees under this proposal.

For non-micro small entities, this proposal would not only retain the

existing 50 percent patent fee reduction but also expand the availability of such small entity fee reductions to 26 patent fees that currently are not eligible for small entity reductions. The increased availability of fee reductions for both small and micro entities arises from the fact that section 10(b) of the Act provides that reductions apply to all fees for “filing, searching, examining, issuing, appealing, and maintaining patent applications and patents.” Prior to the AIA, small entity fee reductions applied only to fees set under 35 U.S.C. 41(a) and 41(b). By increasing the scope of fees eligible for reductions, the AIA allows the USPTO to do more to ease burdens and reduce the entry barriers for small and micro entities to take part in the patent system.

This rulemaking 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 small entity fee exactly. The Office is similarly proposing that a micro entity submit a form certifying micro entity status. (Changes to Implement Micro Entity Status for Paying Patent Fees, 77 FR 31806 (May 30, 2012)). These proposed rules do not change any reporting requirements for any small entity. For both small and micro entities, the burden to establish their status is nominal (making an assertion or submitting a certification), and the benefit of the fee reductions (50 percent for small entities and 75 percent for micro entities) is significant.

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

#### Clarification, Consolidation, or Simplification of Requirements

The proposed changes here also clarify, consolidate, and simplify the current requirements. These changes incorporate certain options to stage fees (break fees into multiple parts), so that applicants can space out the payment of fees and make decisions about some fees at late stages in the application process when they have more information. Applicants also can receive partial refunds when some parts of a service prove not to be needed.

For example, the Office proposes that appeal fees be spread out across different stages of the appeal process so that an applicant can pay a smaller fee

to initiate the appeal, and then not pay for the bulk of the appeal fee until if and when the appeal is forwarded to the BPAI after the Examiner’s Answer is filed. Thus, if a small or micro entity initiates an appeal, but the appeal does not go forward because the examiner withdraws the rejection, the small entity will pay less for the appeal process than under the current fee structure (where the bulk of the appeal fees would be paid up front even if the appeal does not go forward). In another example, the Office proposes to set fees for the administrative trials (*inter partes* review, post grant review, and covered business method review) before the BPAI to be paid in multiple parts. With *inter partes* review, for instance, the Office proposes to return fees for post-institution services should a petition not be instituted. Similarly, the Office proposes that fees paid for post-institution review of a large number of claims be returned if the Office only institutes the review of a subset of the requested claims. These options for staging and splitting fees into multiple parts will benefit small and micro entities, who will be able to spread out their payments of fees and in some instances, potentially receive refunds of fees where only a portion of a particular service is ultimately provided. *See* proposed 41.20 and 42.15.

This proposed rule makes the best use of this alternative approach. No other alternative considered above includes the full range of redesign features.

#### Performance Standards

Performance standards do not apply to the current rulemaking.

#### Exemption for Small Entities

The proposed changes here include a new 75 percent reduction in fees for micro entities, and an expansion of the 50 percent reduction in fees for small entities. The Office considered exempting small and micro entities from paying 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 patent fees.

#### B. Executive Order 12866 (Regulatory Planning and Review)

This rulemaking has been determined to be economically significant for purposes of Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007). The Office has developed a RIA as required for rulemakings deemed to be economically significant. The complete RIA is available at [http://www.uspto.gov/aia\\_implementation/fees.jsp#heading-1](http://www.uspto.gov/aia_implementation/fees.jsp#heading-1).

#### C. Executive Order 13563 (Improving Regulation and Regulatory Review)

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

#### D. 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 (Aug. 4, 1999).

#### E. Congressional Review Act

Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801–808), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the final rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the Government Accountability Office.

*F. Unfunded Mandates Reform Act of 1995*

The changes proposed in this notice do not involve a Federal intergovernmental mandate that will result in the expenditure by state, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. See 2 U.S.C. 1501–1571.

*G. Paperwork Reduction Act*

The Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3549) requires that the USPTO considers the impact of paperwork and other information collection burdens imposed on the public. This proposed rule involves information collection requirements that are subject to review by the Office of Management and Budget (OMB) under the PRA. The collection of information

involved in this notice has been submitted to OMB as a new information collection under OMB control number 0651–00xx. The proposed collection will be available at the OMB's Information Collection Review Web site at: [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain).

1. Summary

This notice of proposed rulemaking proposes both collecting two fees not specifically delineated in an existing information collection request (listed in Table (A) below) and amending the fees in several current information collections previously approved by OMB (listed in Table (B) below). The USPTO is consolidating these fee burdens in order to allow for fee burden adjustments to be requested through a single fee information collection package entitled “America Invents Act Section 10 Patent Fee Adjustments.” This new, consolidated collection will result in the unavoidable double counting of certain fees for a short period of time. The USPTO will update the fee burden inventory in existing information collections to correct the

double counting by submitting non-substantive change requests in each of the currently existing information collection requests (in Table (B) below) with the appropriate fee adjustments. Nothing associated with either this rulemaking or this information collection request alters the existing non-fee burden of any response to any information collection. However, because a change in some fees will change the aggregate demand for certain services, the total number of responses for some information collections will change, which in turn will change the total number of burden hours (defined as the total hour burden of a collection multiplied by the total responses) and respondent cost burden (burden hours multiplied by the attorney cost per hour) for some collections. These changes are detailed in the supporting statement for this information collection, and the USPTO will update the existing information collections to account for this change when submitting the non-substantive change requests described above.

(A) Fees Included in this New Information Collection Request

Fee	Amount (Large Entity)	Amount (Small Entity)	Amount (Micro Entity)	Regulation
Correct Inventorship after First Action on the Merits.	\$1,000.00	\$500.00	\$250.00	37 CFR 1.17(d)
Petitions to Chief APJ Under 37 CFR 41.3 .....	\$400	\$400	\$400	37 CFR 41.3

(B) Existing & Pending Collections Amended under the Proposed Rulemaking

- (1) 0651–0012 Admittance to Practice and Roster of Registered Patent Attorneys and Agents Admitted to Practice Before the USPTO
- (2) 0651–0016 Rules for Patent Maintenance Fees
- (3) 0651–0020 Patent Term Extension
- (4) 0651–0021 Patent Cooperation Treaty
- (5) 0651–0027 Recording Assignments
- (6) 0651–0031 Patent Processing (Updating)
- (7) 0651–0032 Initial Patent Applications
- (8) 0651–0033 Post Allowance and Refiling
- (9) 0651–0036 Statutory Invention Registration
- (10) 0651–0059 Certain Patent Petitions Requiring a Fee (formerly Patent Petitions Charging the Fee Under 37 CFR 1.17(f))
- (11) 0651–0063 Board of Patent Appeals and Interferences (BPAI) Actions
- (12) 0651–0064 Patent Reexaminations
- (13) 0651–00xx Patent Review and Derivation Proceedings

(14) 0651–00xx Matters Related to Patent Appeals

2. Data

Section 10 of the Act authorizes the Director of the USPTO to set or adjust all patent fees established, authorized, or charged under Title 35 of the U.S. Code. Agency fees associated with information collections are considered to be part of the burden of the collection of information. The data associated with this information collection request is summarized below and provided in additional detail in the supporting statement for this information collection request, available through the Information Collection Review Web site ([www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain)).

Section 10 also provides for the creation of a “micro entity status.” The information collection associated with micro entity status will be addressed in a separate proposed rulemaking and a separate PRA analysis.

*Needs and Uses:* The Agency is authorized to collect these fees by Section 10 of the Act. The public uses this information collection to pay their required fees and communicate with the

Office regarding their applications and patents procedures. The Agency uses these fees to process respondents' applications and patents, to process applicants' requests for various procedures in application and post-grant patent processing, and to provide all associated services of the Office.

*OMB Number:* 0651–00xx.  
*Title:* America Invents Act Section 10 Patent Fee Adjustments.

*Form Numbers:* None.

*Type of Review:* New Collection.

*Likely Respondents/Affected Public:* Individuals or households, businesses or other for-profit institutions, not-for-profit institutions, farms, Federal Government, and state, local, or tribal governments.

A. Estimates For All Fees, Including Both Information Added In This Collection And Information In Existing And Pending Collections

*Estimated Number of Respondents For All Fees:* 5,832,472 responses per year.

*Estimated Time per Response For All Fees:* Except as noted below for the two fees added to this collection, this

information collection will not result in any change in any time per response.

*Estimated Total Annual (Hour) Respondent Cost Burden for All Fees:* Except as noted below for the two fees added to this collection, this information collection will not result in any change in any information requirements associated with fees set or amended by this proposed rulemaking. Other than the two fees added to this collection, the only change in the total annual (hour) respondent cost burden results from the change in responses, which is a result of two factors. First, because the change in a fee for a particular service may cause a change in demand for that service, the total number of respondents for each service might change, altering the total annual (hour) respondent cost burden for fees covered under approved collections. This change has been fully detailed in the supporting statement and its appendices. Second, response numbers of current inventories have been updated to reflect the Office's most recent estimates.

*Estimated Total Annual (Non-Hour) Respondent Cost Burden for All Fees:* \$2,594,521,312. The USPTO estimates that the total fees associated with this collection, representing all fees collected across the full panoply of patent processing services provided by the Office, will be approximately \$2,594,521,210 per year. (This number is different than the total revenue cited elsewhere in this rule because PRA estimates have been calculated by taking an average over three years of estimated responses and because not every fee adjusted in this rulemaking constitutes a burden under the PRA (e.g., self-service copying fees).) The amount of these fees is a \$358,711,017 change from the fee amounts currently in the USPTO PRA inventory. Of this, \$349,621,825 directly results from this proposed rulemaking and \$9,089,192 results from non-rulemaking factors. Additionally, the USPTO estimates that \$102 of additional postage cost associated with the items added in this collection will result from this collection. Because the postage costs for items in existing collections have not been altered by this rulemaking, they are not part of the burden of this rulemaking.

B. Estimates for Fees not Specifically Delineated in an Existing Information Collection Request (A Subset of All Fees in Part A. Above)

*Estimated Number of Respondents for Information Added In This Collection:* 665 responses per year.

*Estimated Time Per Response For Information Added In This Collection:*

The USPTO estimates that it will take the public between 2 and 4 hours to gather the necessary information, prepare the appropriate form or other documents, and submit the information to the USPTO.

*Estimated Total Annual Respondent Burden Hours For Information Added In This Collection:* 1,660 hours per year.

*Estimated Total Annual (Hour) Respondent Cost Burden For Information Added In This Collection:* \$615,860 per year.

*Estimated Annual (Non-Hour) Respondent Cost Burden For Information Added In This Collection:* \$493,852 per year. Of this amount, \$427,750 directly results from this rulemaking, \$66,000 results from non-rulemaking factors, and \$102 results from postage.

3. Solicitation

The agency is soliciting comments to: (1) Evaluate whether the proposed information requirement is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) evaluate the accuracy of the agency's estimate of the burden; (3) enhance the quality, utility, and clarity of the information to be collected; and (4) minimize the burden of collecting the information on those who are to respond, including by using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Interested persons are requested to send comments regarding this information collection by November 5, 2012 to: (1) The Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10202, 725 17th Street NW., Washington, DC 20503, Attention: Nicholas A. Fraser, the Desk Officer for the United States Patent and Trademark Office, and via email at [nfraser@omb.eop.gov](mailto:nfraser@omb.eop.gov); and (2) Michelle Picard via email to [fee.setting@uspto.gov](mailto:fee.setting@uspto.gov), or by mail addressed to: Mail Stop—Office of the Chief Financial Officer, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313–1450, marked to the attention of Michelle Picard.

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

List of Subjects

37 CFR Part 1

Administrative practice and procedure, Courts, Freedom of Information, Inventions and patents, Reporting and recordkeeping requirements, Small Businesses.

37 CFR Part 41

Administrative practice and procedure, Inventions and patents, Lawyers.

37 CFR Part 42

Trial practice before the Patent Trial and Appeal Board.  
For the reasons set forth in the preamble, 37 CFR parts 1, 41, and 42 are proposed to be amended as follows:

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

1. The authority citation for 37 CFR Part 1 continues to read as follows:

**Authority:** 35 U.S.C. 2(b)(2).

2. Section 1.16 is amended by revising paragraphs (a) through (s) to 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 for an original patent, except design, plant, or provisional applications:

By a micro entity (§ 1.29(a)) ....	\$70.00
By a small entity (§ 1.27(a)) ....	\$140.00
By a small entity (§ 1.27(a)) if the application is submitted in compliance with the Office electronic filing system (§ 1.27(b)(2)) .....	\$70.00
By other than a small or micro entity .....	\$280.00

(b) Basic fee for filing each application for an original design patent:

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

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

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

(d) Basic fee for filing each provisional application:

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

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

		(l) Search fee for each application for an original design patent:	<b>§ 1.17 Patent application and reexamination processing fees.</b>
By a micro entity (§ 1.29(a)) ....	\$70.00		(a) Extension fees pursuant to § 1.136(a):
By a small entity (§ 1.27(a)) ....	\$140.00	By a micro entity (§ 1.29(a)) ....	\$30.00
By other than a small or micro entity .....	\$280.00	By a small entity (§ 1.27(a)) ....	\$60.00
		By other than a small or micro entity .....	\$120.00
(f) Surcharge for filing any of the basic filing fee, the search fee, the examination fee, or the oath or declaration on a date later than the filing date of the application, except provisional applications:		(m) Search fee for each application for an original plant patent:	
By a micro entity (§ 1.29(a)) ....	\$35.00	By a micro entity (§ 1.29(a)) ....	\$95.00
By a small entity (§ 1.27(a)) ....	\$70.00	By a small entity (§ 1.27(a)) ....	\$190.00
By other than a small or micro entity .....	\$140.00	By other than a small or micro entity .....	\$380.00
(g) Surcharge for filing the basic filing fee or cover sheet (§ 1.51(c)(1)) on a date later than the filing date of the provisional application:		(n) Search fee for each application for the reissue of a patent:	
By a micro entity (§ 1.29(a)) ....	\$15.00	By a micro entity (§ 1.29(a)) ....	\$150.00
By a small entity (§ 1.27(a)) ....	\$30.00	By a small entity (§ 1.27(a)) ....	\$300.00
By other than a small or micro entity .....	\$60.00	By other than a small or micro entity .....	\$600.00
(h) In addition to the basic filing fee in an application, other than a provisional application, for filing or later presentation at any other time of each claim in independent form in excess of 3:		(o) Examination fee for each application filed under 35 U.S.C. 111 for an original patent, except design, plant, or provisional applications:	
By a micro entity (§ 1.29(a)) ....	\$105.00	By a micro entity (§ 1.29(a)) ....	\$180.00
By a small entity (§ 1.27(a)) ....	\$210.00	By a small entity (§ 1.27(a)) ....	\$360.00
By other than a small or micro entity .....	\$420.00	By other than a small or micro entity .....	\$720.00
(i) 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 (whether dependent or independent) in excess of 20 (note that § 1.75(c) indicates how multiple dependent claims are considered for fee calculation purposes):		(p) Examination fee for each application for an original design patent:	
By a micro entity (§ 1.29(a)) ....	\$20.00	By a micro entity (§ 1.29(a)) ....	\$115.00
By a small entity (§ 1.27(a)) ....	\$40.00	By a small entity (§ 1.27(a)) ....	\$230.00
By other than a small or micro entity .....	\$80.00	By other than a small or micro entity .....	\$460.00
(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:		(q) Examination fee for each application for an original plant patent:	
By a micro entity (§ 1.29(a)) ....	\$195.00	By a micro entity (§ 1.29(a)) ....	\$145.00
By a small entity (§ 1.27(a)) ....	\$390.00	By a small entity (§ 1.27(a)) ....	\$290.00
By other than a small or micro entity .....	\$780.00	By other than a small or micro entity .....	\$580.00
(k) Search fee for each application filed under 35 U.S.C. 111 for an original patent, except design, plant, or provisional applications:		(r) Examination fee for each application for the reissue of a patent:	
By a micro entity (§ 1.29(a)) ....	\$150.00	By a micro entity (§ 1.29(a)) ....	\$540.00
By a small entity (§ 1.27(a)) ....	\$300.00	By a small entity (§ 1.27(a)) ....	\$1,080.00
By other than a small or micro entity .....	\$600.00	By other than a small or micro entity .....	\$2,160.00
		(s) Application size fee for any application filed under 35 U.S.C. 111 for the specification and drawings which exceed 100 sheets of paper, for each additional 50 sheets or fraction thereof:	
		By a micro entity (§ 1.29(a)) ....	\$100.00
		By a small entity (§ 1.27(a)) ....	\$200.00
		By other than a small or micro entity .....	\$400.00
		* * * * *	
		3. Section 1.17 is amended by revising paragraphs (a) through (i), removing and reserving paragraph (j), and revising paragraphs (k) through (m) and (p) through (t) to read as follows:	
		(f) For filing a petition under one of the following sections which refers to this paragraph:	
		By a micro entity (§ 1.29(a)) ....	\$100.00
		By a small entity (§ 1.27(a)) ....	\$200.00

By other than a small or micro entity ..... \$400.00

§ 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.

§ 1.57(a)—to accord a filing date.

§ 1.182—for decision on a question not specifically provided for.

§ 1.183—to suspend the rules.

§ 1.378(e)—for reconsideration of decision on petition refusing to accept delayed payment of maintenance fee in an expired patent.

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

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

By a micro entity (§ 1.29(a)) .... \$50.00

By a small entity (§ 1.27(a)) .... \$100.00

By other than a small or micro entity ..... \$200.00

§ 1.12—for access to an assignment record.

§ 1.14—for access to an application.

§ 1.47—for filing by other than all the inventors or a person not the inventor.

§ 1.59—for expungement of information.

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

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

§ 1.295—for review of refusal to publish a statutory invention registration.

§ 1.296—to withdraw a request for publication of a statutory invention registration filed on or after the date the notice of intent to publish issued.

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

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

§ 1.956—for patent owner requests for extension of time in *inters partes* reexamination proceedings.

§ 5.12—for expedited handling of a foreign filing license.

§ 5.15—for changing the scope of a license.

§ 5.25—for retroactive license.

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

By a micro entity (§ 1.29(a)) .... \$35.00

By a small entity (§ 1.27(a)) .... \$70.00

By other than a small or micro entity ..... \$140.00

§ 1.19(g)—to request documents in a form other than provided in this part.

§ 1.84—for accepting color drawings or photographs.

§ 1.91—for entry of a model or exhibit.

§ 1.102(d)—to make an application special.

§ 1.138(c)—to expressly abandon an application to avoid publication.

§ 1.313—to withdraw an application from issue.

§ 1.314—to defer issuance of a patent.

(i) Processing fee for taking action under one of the following sections which refers to this paragraph:

By a micro entity (§ 1.29(a)) .... \$35.00

By a small entity (§ 1.27(a)) .... \$70.00

By other than a small or micro entity ..... \$140.00

§ 1.28(c)(3)—for processing a non-itemized fee deficiency based on an error in small entity status.

§ 1.41—for supplying the name or names of the inventor or inventors after the filing date without an oath or declaration as prescribed by § 1.63, except in provisional applications.

§ 1.48—for correcting inventorship, except in provisional applications.

§ 1.52(d)—for processing a nonprovisional application filed with a specification in a language other than English.

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

§ 1.55—for entry of late priority papers.

§ 1.71(g)(2)—for processing a belated amendment under § 1.71(g).

§ 1.99(e)—for processing a belated submission under § 1.99.

§ 1.102(e)—for requesting prioritized examination of an application.

§ 1.103(b)—for requesting limited suspension of action, continued prosecution application for a design patent (§ 1.53(d)).

§ 1.103(c)—for requesting limited suspension of action, request for continued examination (§ 1.114).

§ 1.103(d)—for requesting deferred examination of an application.

§ 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.

§ 1.291(c)(5)—for processing a second or subsequent protest by the same real party in interest.

§ 1.497(d)—for filing an oath or declaration pursuant to 35 U.S.C. 371(c)(4) naming an inventive entity different from the inventive entity set forth in the international stage.

§ 3.81—for a patent to issue to assignee, assignment submitted after payment of the issue fee.

(j) [Reserved]

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

By a micro entity (§ 1.29(a)) .... \$225.00

By a small entity (§ 1.27(a)) .... \$450.00

By other than a small or micro entity ..... \$900.00

(l) For filing a petition for the revival of an unavoidably abandoned application under 35 U.S.C. 111, 133, 364, or 371, for the unavoidably delayed payment of the issue fee under 35 U.S.C. 151, or for the revival of an unavoidably terminated reexamination proceeding under 35 U.S.C. 133 (§ 1.137(a)):

By a micro entity (§ 1.29(a)) .... \$160.00

By a small entity (§ 1.27(a)) .... \$320.00

By other than a small or micro entity ..... \$640.00

(m) For filing a petition for the revival of an unintentionally abandoned application, for the unintentionally delayed payment of the fee for issuing a patent, or for the revival of an unintentionally terminated reexamination proceeding under 35 U.S.C. 41(a)(7) (§ 1.137(b)):

By a micro entity (§ 1.29(a)) .... \$475.00

By a small entity (§ 1.27(a)) .... \$950.00

By other than a small or micro entity ..... \$1,900.00

\* \* \* \* \*

(p) For an information disclosure statement under § 1.97(c) or (d) or a submission under § 1.9:

By a micro entity (§ 1.29(a)) .... \$45.00

By a small entity (§ 1.27(a)) .... \$90.00

By other than a small or micro entity ..... \$180.00

(q) Processing fee for taking action under one of the following sections which refers to this paragraph: \$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):

By a micro entity (§ 1.29(a)) .... \$210.00

By a small entity (§ 1.27(a)) .... \$420.00

By other than a small or micro entity ..... \$840.00

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

By a micro entity (§ 1.29(a)) .... \$210.00

By a small entity (§ 1.27(a)) .... \$420.00

By other than a small or micro entity ..... \$840.00

(t) For the acceptance of an unintentionally delayed claim for

priority under 35 U.S.C. 119, 120, 121, or 365(a) or (c) (§§ 1.55 and 1.78) or for filing a request for the restoration of the right of priority under:

By a micro entity (§ 1.29(a)) ....	\$355.00
By a small entity (§ 1.27(a)) ....	\$710.00
By other than a small or micro entity .....	\$1,420.00

4. Section 1.18 is revised 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:

By a micro entity (§ 1.29(a)) ....	\$240.00
By a small entity (§ 1.27(a)) ....	\$480.00
By other than a small or micro entity .....	\$960.00

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

By a micro entity (§ 1.29(a)) ....	\$140.00
By a small entity (§ 1.27(a)) ....	\$280.00
By other than a small or micro entity .....	\$560.00

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

By a micro entity (§ 1.29(a)) ....	\$190.00
By a small entity (§ 1.27(a)) ....	\$380.00
By other than a small or micro entity .....	\$760.00

(d)

Publication fee .....	\$0.00
Republication fee (§ 1.221(a))	\$300.00

(e) For filing an application for patent term adjustment under § 1.705: \$200.00

(f) For filing a request for reinstatement of all or part of the term reduced pursuant to § 1.704(b) in an application for patent term adjustment under § 1.705: \$400.00

5. Section 1.19 is revised to read as follows:

**§ 1.19 Document Supply Fees.**

The United States Patent and Trademark Office will supply copies of the following patent-related documents upon payment of the fees indicated. Paper copies will be in black and white unless the original document is in color, a color copy is requested and the fee for a color copy is paid.

(a) Uncertified copies of patent application publications and patents:

(1) Printed copy of the paper portion of a patent application publication or patent including a design patent, statutory invention registration, or defensive publication document. Service includes preparation of copies by the Office within two to three business days and delivery by United States Postal Service; and preparation of copies by the Office within one business day of receipt and delivery to an Office

Box or by electronic means (e.g., facsimile, electronic mail): \$3.00

(2) Printed copy of a plant patent in color: \$15.00

(3) Color copy of a patent (other than a plant patent) or statutory invention registration containing a color drawing: \$25.00

(b) Copies of Office documents to be provided in paper, or in electronic form, as determined by the Director (for other patent-related materials *see* § 1.21(k)):

(1) Copy of a patent application as filed, or a patent-related file wrapper and contents, stored in paper in a paper file wrapper, in an image format in an image file wrapper, or if color documents, stored in paper in an Artifact Folder:

(i) If provided on paper:

(A) Application as filed: \$20.00  
(B) File wrapper and contents of 400 or fewer pages: \$200.00

(C) Additional fee for each additional 100 pages or portion thereof of file wrapper and contents: \$40.00

(D) Individual application documents, other than application as filed, per document: \$25.00

(ii) If provided on compact disc or other physical electronic medium in single order:

(A) Application as filed: \$20.00  
(B) File wrapper and contents, first physical electronic medium: \$55.00

(C) Additional fee for each continuing physical electronic medium in the single order of paragraph (b)(1)(ii)(B) of this section: \$15.00

(iii) If provided electronically (e.g., by electronic transmission) other than on a physical electronic medium as specified in paragraph (b)(1)(ii) of this section:

(A) Application as filed: \$20.00  
(B) File wrapper and contents: \$55.00  
(iv) If provided to a foreign

intellectual property office pursuant to a priority document exchange agreement (*see* § 1.14 (h)(1)): \$0.00

(2) Copy of patent-related file wrapper contents that were submitted and are stored on compact disc or other electronic form (e.g., compact discs stored in an Artifact Folder), other than as available in paragraph (b)(1) of this section:

(i) If provided on compact disc or other physical electronic medium in a single order:

(A) First physical electronic medium in a single order: \$55.00

(B) Additional fee for each continuing physical electronic medium in the single order of paragraph (b)(2)(i) of this section: \$15.00

(ii) If provided electronically other than on a physical electronic medium per order: \$55.00

(3) Copy of Office records, except copies available under paragraph (b)(1) or (2) of this section: \$25.00

(4) For assignment records, abstract of title and certification, per patent: \$25.00

(c) Library service (35 U.S.C. 13): For providing to libraries copies of all patents issued annually, per annum: \$50.00

(d) For list of all United States patents and statutory invention registrations in a subclass: \$3.00

(e) Uncertified statement as to status of the payment of maintenance fees due on a patent or expiration of a patent: \$10.00

(f) Uncertified copy of a non-United States patent document, per document: \$25.00

(g) Petitions for documents in a form other than that provided by this part, or in a form other than that generally provided by the Director, will be decided in accordance with the merits of each situation. Any petition seeking a decision under this section must be accompanied by the petition fee set forth in § 1.17 (h) and, if the petition is granted, the documents will be provided at cost.

6. Section 1.20 is revised to read as follows:

**§ 1.20 Post issuance fees.**

(a) For providing a certificate of correction for applicant's mistake (§ 1.323): \$100.00.

(b) Processing fee for correcting inventorship in a patent (§ 1.324): \$130.00.

(c) In reexamination proceedings:

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

By a micro entity (§ 1.29(a)) ....	\$3,750.00
By a small entity (§ 1.27(a)) ....	\$7,500.00
By other than a small or micro entity .....	\$15,000.00

(2) [Reserved]

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

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

(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):

By a micro entity (§ 1.29(a)) ....	\$20.00
By a small entity (§ 1.27(a)) ....	\$40.00
By other than a small or micro entity .....	\$80.00

(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):

By a micro entity (§ 1.29(a)) ....	\$485.00
By a small entity (§ 1.27(a)) ....	\$970.00
By other than a small or micro entity .....	\$1,940.00

(7) For a refused request for *ex parte* reexamination under § 1.510 (included in the request for *ex parte* reexamination fee):

By a micro entity (§ 1.29(a)) ....	\$900.00
By a small entity (§ 1.27(a)) ....	\$1,800.00
By other than a small or micro entity .....	\$3,600.00

(d) For filing each statutory disclaimer (§ 1.321):

By other than a small or micro entity .....	\$160.00
---	----------

(e) For maintaining an original or 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:

By a micro entity (§ 1.29(a)) ....	\$400.00
By a small entity (§ 1.27(a)) ....	\$800.00
By other than a small or micro entity .....	\$1,600.00

(f) For maintaining an original or 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:

By a micro entity (§ 1.29(a)) ....	\$900.00
By a small entity (§ 1.27(a)) ....	\$1,800.00
By other than a small or micro entity .....	\$3,600.00

(g) For maintaining an original or 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:

By a micro entity (§ 1.29(a)) ....	\$1,850.00
By a small entity (§ 1.27(a)) ....	\$3,700.00

By other than a small or micro entity .....	\$7,400.00
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(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:

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

(i) Surcharge for accepting a maintenance fee after expiration of a patent for non-timely payment of a maintenance fee where the delay in payment is shown to the satisfaction of the Director to have been—

(1) Unavoidable:

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

(2) Unintentional:

By a micro entity (§ 1.29(a)) ....	\$410.00
By a small entity (§ 1.27(a)) ....	\$820.00
By other than a small or micro entity .....	\$1,640.00

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

(1) Application for extension under § 1.740: \$1,120.00

(2) Initial application for interim extension under § 1.790: \$420.00

(3) Subsequent application for interim extension under § 1.790: \$220.00

(k) In supplemental examination proceedings:

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

By a micro entity (§ 1.29(a)) ....	\$1,100.00
By a small entity (§ 1.27(a)) ....	\$2,200.00
By other than a small or micro entity .....	\$4,400.00

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

By a micro entity (§ 1.29(a)) ....	\$3,400.00
By a small entity (§ 1.27(a)) ....	\$6,800.00
By other than a small or micro entity .....	\$13,600.00

(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:

By a micro entity (§ 1.29(a)) ....	\$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:

By a micro entity (§ 1.29(a)) ....	\$70.00
By a small entity (§ 1.27(a)) ....	\$140.00
By other than a small or micro entity .....	\$280.00

7. Section 1.21 is amended by:

- a. Revising paragraph (a);
- b. Removing and reserving paragraph (d);
- c. Revising paragraph (e);
- d. Revising paragraphs (g) through (k);
- e. Revising paragraph (n); and
- f. Removing paragraph (o).

The revisions read as follows:

**§ 1.21 Miscellaneous fees and charges.**

\* \* \* \* \*

(a) Registration of attorneys and agents:

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

(i) Application Fee (non-refundable): \$40.00

(ii) Registration examination fee.

(A) For test administration by commercial entity: \$200.00

(B) For test administration by the USPTO: \$450.00

(2) On registration to practice or grant of limited recognition under § 11.9(b) or (c): \$100.00

(3) [Reserved]

(4) For certificate of good standing as an attorney or agent: \$10.00

(i) Suitable for framing: \$20.00

(ii) [Reserved]

(5) For review of decision:

(i) By the Director of Enrollment and Discipline under § 11.2(c): \$130.00

(ii) Of the Director of Enrollment and Discipline under § 11.2(d): \$130.00

(6) [Reserved]

(7) Annual practitioner maintenance fee for registered attorney or agent.

(i) Active Status: \$120.00

(ii) Voluntary Inactive Status: \$25.00

(iii) Fee for requesting restoration to active status from voluntary inactive status: \$50.00

(iv) Balance due upon restoration to active status from voluntary inactive status: \$100.00

(8) Annual practitioner maintenance fee for individual granted limited recognition: \$120.00

(9)(i) Delinquency fee: \$50.00

(ii) Administrative reinstatement fee: \$100.00

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

excluded or suspended on ethical grounds, or excluded on consent from practice before the Office: \$1,600.00

\* \* \* \* \*

(e) International type search reports: For preparing an international type search report of an international type search made at the time of the first action on the merits in a national patent application: \$40.00

(g) Self-service copy charge, per page: \$0.25

(h) For recording each assignment, agreement, or other paper relating to the property in a patent or application, per property:

(1) If submitted electronically: \$0.00

(2) If not submitted electronically: \$40.00

(i) Publication in Official Gazette: For publication in the Official Gazette of a notice of the availability of an application or a patent for licensing or sale: Each application or patent: \$25.00

(j) Labor charges for services, per hour or fraction thereof: \$40.00

(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): \$130.00

8. Section 1.445 is amended by revising paragraph (a) introductory text and paragraphs (a)(1)(i), (a)(2) through (4), and (b) 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:

(1) A transmittal fee (see 35 U.S.C. 361(d) and PCT Rule 14) consisting of:

(i) A basic portion:

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

\* \* \* \* \*

(2) A search fee (see 35 U.S.C. 361(d) and PCT Rule 16):

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

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

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

(4) A fee equivalent to the transmittal fee in paragraph (a)(1) of this section for

transmittal of an international application to the International Bureau for processing in its capacity as a Receiving Office (PCT Rule 19.4):

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

(b) The international filing fee shall be as prescribed in PCT Rule 15.

9. Section 1.482 is revised to read as follows:

**§ 1.482 International preliminary examination 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:

(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:

By a micro entity (§ 1.29(a)) ....	\$150.00
By a small entity (§ 1.27(a)) ....	\$300.00
By other than a small or micro entity .....	\$600.00

(ii) If the International Searching Authority for the international application was an authority other than the United States Patent and Trademark:

By a micro entity (§ 1.29(a)) ....	\$190.00
By a small entity (§ 1.27(a)) ....	\$380.00
By other than a small or micro entity .....	\$760.00

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

By a micro entity (§ 1.29(a)) ....	\$150.00
By a small entity (§ 1.27(a)) ....	\$300.00
By other than a small or micro entity .....	\$600.00

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

10. Section 1.492 is revised to read as follows:

**§ 1.492 National stage fees.**

The following fees and charges are established for international applications entering the national stage under 35 U.S.C. 371:

(a) The basic national fee for an international application entering the national stage under 35 U.S.C. 371:

By a micro entity (§ 1.29(a)) ....	\$70.00
By a small entity (§ 1.27(a)) ....	\$140.00
By other than a small or micro entity .....	\$280.00

(b) Search fee for an international application entering the national stage under 35 U.S.C. 371:

(1) If an international preliminary examination report on the international application prepared by the United States International Preliminary Examining Authority or a written opinion on the international application prepared by the United States International Searching Authority states that the criteria of novelty, inventive step (non-obviousness), and industrial applicability, as defined in PCT Article 33(1) to (4) have been satisfied for all of the claims presented in the application entering the national stage:

By a micro entity (§ 1.29(a)) ....	\$0.00
By a small entity (§ 1.27(a)) ....	\$0.00
By other than a small or micro entity .....	\$0.00

(2) If the 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:

By a micro entity (§ 1.29(a)) ....	\$30.00
By a small entity (§ 1.27(a)) ....	\$60.00
By other than a small or micro entity .....	\$120.00

(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:

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

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

By a micro entity (§ 1.29(a)) ....	\$150.00
By a small entity (§ 1.27(a)) ....	\$300.00
By other than a small or micro entity .....	\$600.00

(c) The examination fee for an international application entering the national stage under 35 U.S.C. 371:

(1) If an international preliminary examination report on the international application prepared by the United States International Preliminary Examining Authority or a written opinion on the international application prepared by the United States International Searching Authority states that the criteria of novelty, inventive step (non-obviousness), and industrial applicability, as defined in PCT Article 33(1) to (4) have been satisfied for all of the claims presented in the application entering the national stage:

By a micro entity (§ 1.29(a)) ....	\$0.00
By a small entity (§ 1.27(a)) ....	\$0.00
By other than a small or micro entity .....	\$0.00

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

By a micro entity (§ 1.29(a)) ....	\$180.00
By a small entity (§ 1.27(a)) ....	\$360.00
By other than a small or micro entity .....	\$720.00

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

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

(e) In addition to the basic national fee, for filing or on later presentation at any other time of each claim (whether dependent or independent) in excess of 20 (note that § 1.75(c) indicates how multiple dependent claims are considered for fee calculation purposes):

By a micro entity (§ 1.29(a)) ....	\$20.00
By a small entity (§ 1.27(a)) ....	\$40.00
By other than a small or micro entity .....	\$80.00

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

By a micro entity (§ 1.29(a)) ....	\$195.00
By a small entity (§ 1.27(a)) ....	\$390.00
By other than a small or micro entity .....	\$780.00

(g) If the excess claims fees required by paragraphs (d) and (e) of this section and multiple dependent claim fee required by paragraph (f) of this section are not paid with the basic national fee or on later presentation of the claims for which excess claims or multiple dependent claim fees are due, the fees required by paragraphs (d), (e), and (f) of this section 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.

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

By a micro entity (§ 1.29(a)) ....	\$35.00
By a small entity (§ 1.27(a)) ....	\$70.00
By other than a small or micro entity .....	\$140.00

(i) For filing an English translation of an international application or any annexes to an international preliminary examination report later than thirty months after the priority date (§ 1.495(c) and (e)):

By a micro entity (§ 1.29(a)) ....	\$35.00
By a small entity (§ 1.27(a)) ....	\$70.00
By other than a small or micro entity .....	\$140.00

(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:

By a micro entity (§ 1.29(a)) ....	\$100.00
By a small entity (§ 1.27(a)) ....	\$200.00
By other than a small or micro entity .....	\$400.00

#### PART 41—PRACTICE BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

11. The authority citation for part 41 continues to read as follows:

**Authority:** 35 U.S.C. 2(b)(2), 3(a)(2)(A), 21, 23, 32, 41, 134, 135.

12. Section 41.20 is revised to read as follows:

##### § 41.20 Fees.

(a) *Petition fee.* The fee for filing a petition under this part is: \$400.00

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

By a micro entity (§ 1.29(a)) ....	\$250.00
By a small entity (§ 1.27(a)) ....	\$500.00
By other than a small or micro entity .....	\$1,000.00

(2)(i) For filing a brief in support of an appeal in an application or *ex parte* reexamination proceeding: \$0.00

(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:

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

(3) For filing a request for an oral hearing before the Board in an appeal under 35 U.S.C. 134:

By a micro entity (§ 1.29(a)) ....	\$325.00
By a small entity (§ 1.27(a)) ....	\$650.00
By other than a small or micro entity .....	\$1,300.00

(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:

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

13. Section 41.37 is amended by revising paragraphs (a) and (b) to read as follows:

##### § 41.37 Appeal brief.

(a) *Timing.* Appellant must file a brief under this section within two months from the date of filing the notice of appeal under § 41.31. The appeal brief fee in an application or *ex parte* reexamination proceeding is \$0.00, but

if the appeal results in an examiner's answer, the appeal forwarding fee set forth in § 41.20(b)(4) must be paid within the time period specified in § 41.48 to avoid dismissal of an appeal.

(b) *Failure to file a brief.* On failure to file the brief within the period specified in paragraph (a) of this section, the appeal will stand dismissed.

\* \* \* \* \*

14. Section 41.45 is added to read as follows:

##### § 41.45 Appeal forwarding fee.

(a) *Timing.* Appellant in an application or *ex parte* reexamination proceeding must pay the fee set forth in § 41.20(b)(4) within the later of two months from the date of either the examiner's answer, or a decision refusing to grant a petition under § 1.181 of this chapter to designate a new ground of rejection in an examiner's answer.

(b) *Failure to pay appeal forwarding fee.* On failure to fee set forth in § 41.20(b)(4) within the period specified in paragraph (a) of this section, the appeal will stand dismissed.

(c) *Extensions of time.* Extensions of time under § 1.136(a) of this title for patent applications are not applicable to the time period set forth in this section. See § 1.136(b) of this title for extensions of time to reply for patent applications and § 1.550(c) of this title for extensions of time to reply for *ex parte* reexamination proceedings.

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

15. The authority citation for part 42 continues to read as follows:

**Authority:** 35 U.S.C. 2(b)(2), 6, 21, 23, 41, 135, 311, 312, 316, 321–326 and Leahy-Smith America Invents Act, Pub. L. 112–29, sections 6(c), 6(f) and 18, 125 Stat. 284, 304, 311, and 329 (2011).

16. Section 42.15, as added at August 14, 2012, at 77 FR 48669, effective September 16, 2012, 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: \$9,000.00

(2) *Inter Partes* Review Post-Institution fee: \$14,000.00

(3) In addition to the *Inter Partes* Review request fee, for requesting review of each claim in excess of 20: \$200.00

(4) In addition to the *Inter Partes* Post-Institution request fee, for requesting

review of each claim in excess of 15:  
\$400.00

(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:  
\$12,000.00

(2) Post Grant or Covered Business Method Patent Review Post-Institution fee: \$18,000.00

(3) In addition to the Post Grant or Covered Business Method Patent

Review request fee, for requesting review of each claim in excess of 20:  
\$250.00

(4) In addition to the Post Grant or Covered Business Method Patent Review request fee Post-Institution request fee, for requesting review of each claim in excess of 15: \$550.00

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

(1) Derivation petition fee: \$400.00

(2) Derivation institution and trial fee:  
\$0.00

(d) Any request requiring payment of a fee under this part, including a written request to make a settlement agreement available: \$400.00

Dated: August 29, 2012.

**Deborah S. Cohn,**

*Commissioner for Trademarks, United States Patent and Trademark Office.*

[FR Doc. 2012-21698 Filed 9-4-12; 8:45 am]

**BILLING CODE 3510-16-P**