



USPTO Announces Across-the-Board Patent Fee Increases

August 3, 2020

The United States Patent and Trademark Office (USPTO) published a Final Rule today in the *Federal Register*, viewable at 85 Fed. Reg. 46932 (August 3, 2020), announcing fee adjustments affecting all aspects of patent practice before the USPTO. The fee adjustments, which will go into effect on October 2, 2020, include an approximately 5% across-the-board increase for all patent fees, except for certain fees specifically targeted for greater adjustments to offset USPTO costs for a variety of strategic reasons.

A primary justification for the USPTO's increased fees is to provide the USPTO with sufficient financial resources to maintain operation at effective and reliable levels, especially in times of financial fluctuations and economic uncertainty. Even with the COVID-19 pandemic and the corresponding economic downturn, the USPTO has seen a continued increase in patent filings, and predicts further increases over the next five fiscal years. However, patent fee revenues have been down about 1.5% from projections for the current year. The increased fees set forth in the Final Rule will help replenish and grow the patent operating reserve, which will position the USPTO to be able to enhance the country's innovation ecosystem and undertake important capital improvements, such as continuing to adapt to an ever-increasing technological future and improve inventors' access to the patent system. The proposed changes appear necessary for the USPTO, as a 100% user-funded institution, to maintain its optimal level of operation in the current economic climate, while inspiring greater innovation and further economic growth through timely issuance of high-quality patents.

These adjustments will affect all applicants and patent owners. In view of the fee increases, inventors and companies considering filing new patent applications, in position to pay issue fees, or eligible to pay maintenance fees on issued patents, should consider doing so promptly, before the new fees take effect on October 2, 2020.

Across-the-Board Fee Increase

As noted, the USPTO has generally increased all patent-related fees by about 5%. Overall, routine fees for obtaining a patent, such as filing, search, examination fees, have been increased to ensure financial sustainability of the USPTO and to accommodate increases needed to improve the predictability and reliability of the U.S. patent process.



The increases are adjusted at the same rate to all entity classes, with the fee rates for small and micro entities continuing to be tiered at the same discounted percentages relative to large entity fees. Hereinafter, discussion of specific fee increases will be with reference to large entities; small entities receive a 50% discount and micro entities receive a 75% discount from the large entity levels for certain patent fees.

Additional fees have been targeted for greater adjustments to account for associated increases in USPTO costs and required resources. These targeted fee increases relate to the following aspects of USPTO operation:

- AIA Trial Fees
- Utility and Reissue Issue Fees
- Maintenance Fees
- Requests for Expedited Examination of Design Patent Applications

AIA Trial Fees

The most significant monetary increases targeted by the USPTO's Final Rule relate to AIA trial fees. Notably, the petition and institution fees for an Inter Partes Review (IPR) before the PTAB will collectively increase from \$30,500 to \$41,500. Similarly, the petition and institution fees for a Post-Grant Review (PGR) or Covered Business Method (CBM) Review will collectively increase from \$38,000 to \$47,500. Additional fees for challenging more than 20 claims (adjusted upward from the current 15 claim threshold) are increased by 25% for IPR proceedings (from \$900 to \$1,125 per excess claim) and by about 27% for PGR and CBM proceedings (from \$1,200 to \$1,525 per excess claim).

The increase in AIA trial fees stems from the Supreme Court's decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), which requires the PTAB to institute a trial as to all claims or none. Previously, the PTAB could institute a trial on just some of the claims at issue. As a result of the *SAS* decision, the PTAB has had to modify its pre-trial practice and has seen a significant increase in average costs required to conduct such proceedings. The added petition and institution fees will help the PTAB maintain the appropriate level of judicial and administrative resources needed to provide high-quality and timely decisions for AIA trials.

The USPTO's Final Rule has also added a new \$250 *pro hac vice* fee for non-registered attorneys admitted to practice before the PTAB in an AIA patent trial. This new fee will be due on a per-proceeding basis. Implementation of this new fee will allow the USPTO to shift the cost for processing such requests from the overall AIA trial fees to the requesting, non-registered counsel.

Utility and Reissue Issue Fees and Maintenance Fees

In setting patent fees, the USPTO has strived to maintain an adequate balance between front-end fees (i.e., filing, search and examination fees) and back-end fees (i.e., issue fees and maintenance fees). In order to encourage innovation, the USPTO has generally maintained front-end fees below the cost to the USPTO to process and examine an application. The USPTO notes that average front-end fees for a utility patent with one RCE and lifetime maintenance is about 18% of the total fees paid over the life of that patent. The USPTO has now rebalanced the back-end fees to recover initial search and examination costs earlier in the life of the patent to compensate for decreases in certain technology lifecycles.

As a result, the issue fee for utility and reissue patents is increasing 20% from \$1,000 to \$1,200 for large entities. The first stage maintenance fee is increasing 25% from \$1,600 to \$2,000 for large entities. As further recognition of shorter technology lifecycles, and thus a decreased likelihood that patents may be maintained past the first stage maintenance fee, the USPTO has only increased later stage maintenance fees by about 4% (second stage from \$3,600 to \$3,760; third stage from \$7,400 to \$7,700) — less than the general across-the-board increase.

If a maintenance fee is not paid within the first six months of the year in which it can be paid, a surcharge must be included with the maintenance fee payment. The USPTO has increased the amount of this surcharge from \$160 to \$500 for a large entity, for a 213% increase. The goal of this increase is to encourage patent holders to renew patent by the initial due date, which will benefit the public by increasing the understanding of which patents remain in force and which patents have been allowed to lapse. This fee increase will also bring the USPTO more in line with global counterparts.

Request Fee for Expedited Examination of a Design Application

The USPTO has seen an increase in requests to expedite design patent applications. Expedited examination is available to all design patent applicants who first conduct a preliminary examination search and file a request for expedited treatment, along with the required filing, search and examination fees and an extra fee for expedited treatment and handling. The increased demand for expedited examination has increased the clerical costs required to match the demand. Accordingly, the Final Rule increases the fee for requesting expedited examination of a design patent application by 78% from \$900 to \$1,600 for a large entity so that the USPTO can continue offering the service to applicants who may benefit from the program.

New Non-DOCX Filing Surcharge Fee

The USPTO has also introduced a new surcharge for filing application materials in non-DOCX (structured text) format. Structured text allows applicants to more easily submit documents using the USPTO's electronic filing system. The system also improves access to prosecution materials issued by Examiners. To encourage filing of application materials in structured text format, the USPTO will implement a surcharge of



\$400 for large entities for all documents filed in a different (non-DOCX) format. In response to public comments, the USPTO has decided to delay implementation of this surcharge until January 1, 2022 as users transition to the new process.

Lathrop GPM's IP Practice Group can help you navigate through the USPTO's resources to ensure that your rights are properly secured and fully protected. For more information, please contact Tucker Griffith, or your Lathrop GPM contact.