

Proposed Patent Fees Under the Leahy-Smith America Invents Act: Be Prepared for Sticker Shock

March 28, 2012

The Leahy-Smith America Invents Act

The Leahy-Smith America Invents Act ("AIA") was signed into law on September 16, 2011, amid much fanfare, or at least as much fanfare as patent legislation can muster. The AIA represents the most significant change in United States patent law since 1952. Among the most significant changes under the AIA is the conversion of the U.S. patent system from a "first to invent" to a "first-to-file" system. Even the most casual observers of patent law recognize this change to the patent system. The AIA also significantly changes how patent applications are prosecuted before the U.S. Patent and Trademark Office ("USPTO") and how issued patents are reviewed.

The Proposed Fees

The USPTO recently proposed fees pursuant to its new authority under Section 10 of the AIA, and rules for implementing certain provisions under the AIA. The USPTO has just completed a "road show" to solicit feedback on the proposed fees and rules. A summary of the proposed fees and rules can be found on the USPTO website and the periods for public comment on many of the proposed rules are still open. The USPTO plans to publish the proposed fees in the Federal Register in early June of 2012, followed by a 60-day period for public comment, and expects to issue the final fees in February of 2013. Inasmuch as the AIA contains many new provisions that might be of interest to patent applicants, patent holders, and interested third parties, the proposed fees might result in some sticker shock. However, fees may be set only to recover the USPTO's aggregate estimated cost of operations, including administrative costs. To that end, the USPTO relied on the following two principles in its fee-setting policy: (1) to have a more sustainable funding model for the USPTO; and (2) to reduce patent application pendency and the backlog of unexamined patent applications.

"Pay to Play"

The AIA contains many provisions an applicant or interested third party might want to consider. To take advantage of these provisions, however, the applicant or interested third party will have to "pay to play." For example, under one provision of the AIA, an applicant can delay submission of an inventor's Declaration up to the Notice of Allowance. This provision is attractive because the applicant might not be able to identify the true inventor(s) until the claims are allowed. However, it will cost \$3,000 to take advantage of this provision. Further, it will cost \$1,700 to correct inventorship during examination when an executed inventor Oath/Declaration was not filed before examination. So, even though it might be sound strategy to postpone submission of the inventor's Declaration, most applicants will likely find that the price tag to do so is too steep.

The Hefty Cost of Post-Issuance, Supplemental, and Post-Grant Review

The most significant changes under the AIA, however, involve revisions to existing mechanisms for post-issuance review and new provisions for supplemental and post-grant review. For example, under the AIA, a patent owner may request Supplemental Examination of a patent to consider, reconsider, or correct information believed to be relevant to the patent that could serve as the basis for a claim of inequitable conduct which, if successful, would render the patent unenforceable. The proposed fee for filing such a request, however, is \$7,000. If a substantial new question of patentability is raised in the request, the USPTO will order a Supplemental Examination, which will be carried out under ex parte reexamination procedures. The proposed fee for a Supplemental Examination proceeding is \$20,000. Although these proposed fees might appear to be high, they might well be worth the price if the enforceability of a patent is in question.

The Cost of Using the New Post-Grant Review Provisions

A new provision under the AIA allows a third party (i.e., a person who is not the owner of a patent) to file a petition with the USPTO to institute a Post-Grant Review of the patent. Under this new Post-Grant Review, a petitioner may request to cancel, as unpatentable, one or more claims of a patent on any grounds. A petition for Post-Grant Review may only be filed within nine months after the date on which the patent was granted. A request for Post-Grant Review of 20 or fewer claims will cost \$35,800 and 61 to 70 claims will cost \$125,300, with intermediate fees set for other number of claims, and \$35,800 for each additional group of ten claims. Although these proposed fees might seem high, and some might even argue they are exorbitant, they are significantly less than the cost of patent litigation, which can escalate into millions of dollars relatively quickly.

Inter Partes Reexamination is Replaced with Inter Partes Review

The AIA also replaces the current procedures for Inter Partes Reexamination with Inter Partes Review. In an Inter Partes Review, a third party may file a petition with the USPTO to institute a review of an issued patent with respect to issues raised under 35 U.S.C. § 102 (novelty) or 35 U.S.C. § 103 (obviousness) on the basis of prior art consisting of patents or printed publications. The proposed fee for a Request for Inter Partes Review of 20 or fewer claims is \$27,200 and of 61 to 70 claims is \$95,200, with intermediate fees set for other numbers of claims, and \$27,200 for each additional group of ten claims.

New Fees for Ex Parte Reexamination

The AIA retains the current procedures for Ex Parte Reexamination through which any person, including the patent owner, may request a reexamination of any claim of patent at any time during the period of enforceability of the patent on the basis of prior art patents or printed publications. The proposed fees for filing a request for Ex Parte Reexamination is \$17,760, of which \$13,430 will be refunded if the USPTO decides not to order an ex parte reexamination proceeding. Nevertheless, the proposed fee represents a significant increase over the current fee of \$2,520.

Increased Fees for Current Patent Prosecution Procedures

In addition to setting fees for the new provisions under the AIA, the USPTO proposes to increase the fees for many current patent prosecution procedures before the USPTO. For example, the USPTO proposes to raise the utility application filing fee, including basic filing, search, and examination fees, for large entities from \$1,250 to \$1,840 (small entity fees are reduced by 50%), with the examination fees, which are included in the filing fee, more than tripling from \$250 to \$750. Further, excess claim fees will increase from \$60 to \$100 for total claims in excess of 20 and from \$250 to \$460 for independent claims in excess of three. The proposed increases in fees, however, will not significantly impact the total cost of preparing and filing a utility patent application, especially for small or micro entities, most of which is directed to attorney or agent fees for drafting the application. Note, however, that with the proposed increases in excess claim fees, the total cost

of filing a patent application with many more than 20 total claims and/or many more than three independent claims will ramp up relatively quickly.

Further, the fees for a Request for Continued Examination ("RCE"), which is a relatively common mechanism for continuing prosecution of a pending patent application, will nearly double, from \$930 to \$1,700. One concern with this increase in fees is that patent examiners earn "counts" for each RCE filed on their docket, and are thus incentivized to compel an applicant to file an RCE. The USPTO is purportedly reviewing options to address these concerns, including ways to encourage examiners to place more consideration on amendments after final rejection to identify allowable subject matter. Also, the fees for appeals will be restructured, with \$1,500 due at the time of filing a Notice of Appeal, up from \$620, and \$2,500 to actually file an Appeal. Provisions also are proposed to lower the net payment to the USPTO if the examiner withdraws the final rejection prior to filing an appeal. Additionally, maintenance fees for keeping an issued patent in force will increase about 40%, from \$1,130 to \$1,600, in the first stage (3.5 years after grant); 25%, from \$2,850 to \$3,600, in the second stage (7.5 years after grant); and 60%, from \$4,730 to \$7,600, in the third stage (11.5 years after grant).

Conclusion

In conclusion, the AIA offers many provisions that might be of interest to patent applicants, patent owners, or interested third parties. The costs to take advantage of these new provisions, however, can be relatively high. The USPTO also has proposed to raise fees associated with filing and prosecuting patent applications with the USPTO. Thus, patent applicants will have to take the new proposed fees into consideration when establishing a patent budget or developing a patent strategy.

--

© 2022 Ward and Smith, P.A.

This article is not intended to give, and should not be relied upon for, legal advice in any particular circumstance or fact situation. No action should be taken in reliance upon the information contained in this article without obtaining the advice of an attorney.

We are your established legal network with offices in Asheville, Greenville, New Bern, Raleigh, and Wilmington, NC.