

COURSE 16, TUTORIAL 2

TIMELINE AND COSTS FOR PATENT FILINGS

In this tutorial we will explore the time and the costs associated with patent prosecution – a term which refers to the process of writing and filing a patent application and pursuing its protection with the patent office. A regular utility patent application, also referred to as a non-provisional application, can be drafted fairly quickly if all the information is available. The elements for a utility patent application include: the Title; Abstract Drawings; Background of the invention; Brief summary of the invention; Description of the Drawings; detailed description of the invention; and Claims. Each of these are discussed in detail in the Checklist that the United States Patent and Trademark Office (USPTO) provides on filing a nonprovisional patent application. Searching publications and describing the “new” invention or improvement beyond any prior art is the part of the process that takes considerable time when preparing this nonprovisional patent write-up. The more work done up front, the faster the process will be. If a patent agent or attorney is doing the initial write-up, it is important that he or she possess solid experience in the relevant technical field. In addition to required technical information, there are numerous formatting requirements for the document.

TIMELINE FOR PATENT EXAMINATION

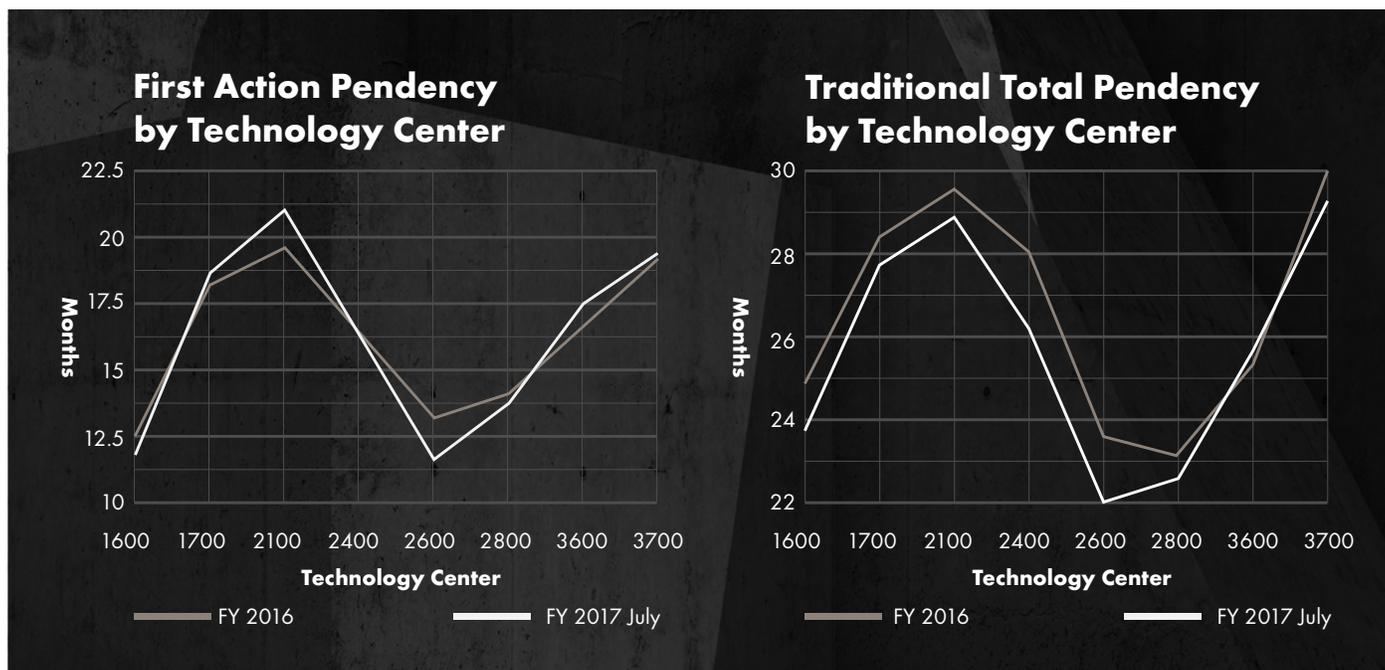
The general timeline for patent examination varies by subject matter. The accompanying graphs, using data from the USPTO utility patent application dashboard, reveal the time to first office action and total time an application is under examination in the patent office, by technology area. An Office action is a document written by a patent examiner in the course of examining a patent application. The first action pendency chart shows that the technology area requiring the most time - almost 21 months - is category 2100, which is used for Computer Architecture, Software, and Information Security.

The traditional total pendency chart indicates that category 3700 averages 30 months to complete the process. This category is used for Mechanical Engineering, Manufacturing and

Products. The examination of design patents, by the way, is faster, currently averaging about 18 months.

EXPEDITING PATENT EXAMINATION

Expedited examination of a utility or plant patent application is available. In fact, two different methods exist. The first is an older method called **Accelerated Examination**, which requires a petition with a small fee. The applicant is required to perform and submit an extensive prior art search. The newer program is referred to as the **“Track One” Prioritized Examination**. This does not have special requirements for the application but carries a higher fee to receive priority examination. The goal of these programs is to reduce the examination time to 12 months. The Accelerated Examination process has waned in popularity with the introduction of Prioritized Examination un-



Technology Centers

1600 Biotechnology and Organic Chemistry
 1700 Chemical and Materials Engineering
 2100 Computer Architecture, Software, and Information Security
 2400 Computer Networks, Multiplex communication, Video Distribution and Security

2600 Communications
 2800 Semiconductors, Electrical and Optical Systems and Components
 3600 Transportation, Construction, Electronic Commerce, Agriculture, National Security and License & review
 3700 Mechanical Engineering, Manufacturing, Products

der the America Invents Act. The USPTO is currently evaluating public comments concerning elimination of the Accelerated Examination option.

Nonetheless, expedited options may be worthwhile considering if a company operates in an environment where: technology obsolescence is quite rapid; the need for patent differentiation is higher; a niche market exists where there isn't market space for multiple players; and, better venture financing options exist only for patented technology.

PATENT FEES

Now let's examine costs. Filing a patent is an investment in securing legal protection for your idea. Cost estimates for patenting vary widely, but numerous surveys of various industries have indicated a typical range of \$5,000 to \$15,000 for a U.S. utility application depending upon the complexity of the technology. This figure represents a combination of official fees and time spent, by legal counsel and others, in preparation and prosecution of the patent application. Design and plant patents

are typically less complex and less expensive. Provisional patents certainly can be less expensive, but sufficient resources should be used to insure the application describes the invention broadly and with sufficient detail to be enabling, or the application could be defective and could turn into prior art against a new correct application.

The official fees are only a small fraction of this cost and they vary according to the submitting organization's size and the type of patent filing, as well as the size of the application and the number of patent claims. Many of the official USPTO fees are reduced by fifty percent for a "small entity." Those fees are halved again for a "micro entity." A **small entity** is defined as a non-profit or a company with less than 500 employees, which has not licensed the invention to another company. **Micro entity** status must meet a number of requirements. First, the entity must meet the small entity requirements. In addition, the micro entity must not be a named inventor on more than four previous patent applications and not have a gross income more than three times the median income in the previous year.

Patent Office Fees for Typical Functions

(SEPTEMBER 2017)

| | Filing | | | Search | | | Examination | | | Issue | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Large Entity | Small Entity | Micro Entity | Large Entity | Small Entity | Micro Entity | Large Entity | Small Entity | Micro Entity | Large Entity | Small Entity | Micro Entity |
| Provisional | \$260 | \$130 | \$65 | N/A |
| Utility | \$280 | \$140 | \$70 | \$600 | \$300 | \$180 | \$720 | \$360 | \$180 | \$960 | \$480 | \$240 |
| Design | \$180 | \$90 | \$45 | \$120 | \$60 | \$30 | \$460 | \$230 | \$115 | \$560 | \$280 | \$140 |
| Plant | \$180 | \$90 | \$45 | \$380 | \$190 | \$95 | \$580 | \$290 | \$145 | \$760 | \$380 | \$190 |
| Prioritized Examination Surcharge | | | | | | | \$4,000 | \$2,000 | \$1,000 | | | |

Other fees may be incurred depending on prosecution

Assumes a correct and complete application, electronically filed in English with ≤3 independent claims and ≤20 total claims, less than 100 pages

Maintenance Fees

| | Large Entity | Small Entity | Micro Entity |
|-----------|--------------|--------------|--------------|
| 3.5 year | \$1,600 | \$800 | \$400 |
| 7.5 year | \$3,600 | \$1,800 | \$900 |
| 11.5 year | \$7,400 | \$3,700 | \$1,850 |

Following the issuance of a utility patent, in order to remain in force for 20 years, three maintenance fees are required and are due to be paid 3.5, 7.5 and 11.5 years after the patent issues. Plant and design patents do not have maintenance fees.

FOREIGN FILING FEES

Other and far more significant costs are incurred with foreign filings. Patents are territorial in nature. A U.S. patent gives the owner the right to exclude others from making, using, selling, or importing their invention in the U.S. If coverage is desired in other countries, timely filing of patent applications in those

countries is required. Most foreign countries have annual maintenance fees for patents and a large number have maintenance fees for pending applications as well. In addition, many countries will need the application translated and will require the use of local legal agents, licensed to practice patent law in that country. These are reasons that conversion of a Patent Cooperation Treaty (PCT) application to national filings at month 30 becomes expensive. The total investment to prepare, prosecute, and maintain a patent for its life in four or five countries can easily exceed \$200,000.