

The United States of America Patent Official Fees Reduction Rules

Version : 2025-01-03

1. Definitions / Requirements

- (1). A small entity is an entity that has not assigned, granted, conveyed, or licensed, and is under no obligation under contract or law to assign, grant, convey, or license any rights pertaining to the invention to any party that does not also qualify for small entity status; and must be any one of the following:
- (a). A natural person;
 - (b). A small business which employs no more than 500 people, including affiliates*; or
 - (c). A nonprofit organization, such as a university or other institution of higher education (government organizations do not qualify as nonprofit organizations).

* The number of employees includes those of affiliates. Here are some examples provided by the U.S. Small Business Administration (SBA). Still, it is up to the SBA to determine on case by case basis whether a company qualifies as a small entity.

Example 1: Company A owns Companies B, C and D (54.5%, 81% and 60%, respectively). Company A has the power to control Companies B, C and D. The companies are all affiliated. The receipts and/or number of employees of all four companies will be aggregated in determining the size of any one of them.

Example 2: Investor X, Investor Y, and Company A each own 23% of Company B. No other stockholder owns more than 5% of Company B. All three persons will be presumed to control Company B. Each presumed affiliate may attempt to rebut the presumption by showing that its control or power to control does not exist. If the presumption is not overcome, then Company A and Investors X and Y will all be considered affiliates of Company B. In addition, all companies controlled by Company A and Investors X and Y would be affiliates of Company B.

Example 3: Company A performs subcontracts for Company B, and Company B accounts for 90% of Company A's revenues. Company A's existence depends on work from Company B and the two are deemed affiliates.

Where entitlement to small entity status is uncertain, it is wise to pay regular fees. For a more detailed assessment of entity specifications and affiliate rules, please contact the SBA.

- (2). A micro entity is any entity as defined below:

- (a). An applicant who certifies that
 - I. the applicant qualifies as a small entity as defined under 37 CFR § 1.27;
 - II. neither the applicant, the inventor nor a joint inventor has been named as the inventor or a joint 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;
 - applications for which the applicant, inventor, or joint inventor has reassigned ownership rights, or is under an obligation to their previous employer by contract or law to do so.
 - III. neither the applicant, the inventor nor a joint inventor, in the calendar year preceding the calendar year in which the applicable fee is being paid, should have a gross income*, as defined under 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
 - IV. neither the applicant, the inventor nor a joint inventor has assigned, granted, or conveyed nor is under an obligation by contract or law to assign, grant, or convey a license or any other form of ownership interest to the rights involved in the application to an entity that, in the calendar year preceding the calendar year in which the applicable fee is being paid, had a gross income*, as defined under 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.

* If the gross income of the applicant, the inventor, the joint inventor, or the entity involved in the preceding calendar year is not denominated in United States dollars, the average currency exchange rate, as reported by the Internal Revenue Service, during that calendar year shall be used to determine whether their gross income exceeds the specified threshold.

- (b). An applicant who certifies that
 - I. the applicant qualifies as a small entity as defined under 37 CFR § 1.27; and
 - II. (i) the applicant's employer, from which the applicant obtains the majority of their income, is an institution of higher education as defined under 20 U.S.C. 1001(a); or (ii) the applicant has assigned, granted, conveyed, or is under an obligation by contract or law, to assign, grant, or convey, a license or other forms of ownership in the rights pertaining to the particular application to such an institution of higher education.

※ Note:

Establishing status or paying fees as a small or micro entity or attempting to do so fraudulently, or improperly and with intent to deceive, shall be considered fraud or attempted fraud perpetrated against the USPTO.

2. Fee Reduction

- (1). For those who meet the requirements of Item #1(1) above, most patent application fees are reduced by 60%.
- (2). For those who meet the requirements of Item #1(2) above, most patent application fees are reduced by 80%.

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| <p>(1) The information above was collected on 3 January 2025. In the event of any patent law changes in the said country, the new amendments shall prevail.</p> <p>(2) We are not responsible for verifying the client's fee reduction qualification status and will follow the client's instructions to process the patent renewals payment. In case of any changes of client's fee reduction qualification status, please inform us for processing in order to comply with the payment regulations of the patent laws of various countries.</p> <p>(3) We do not assume any legal liability in case of the case abandoned, payment failed or any other rights losses or damages caused due to the above mentioned client's instructions or incorrect data.</p> |
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