

Small Entity Status USPTO

Introduction

USPTO gives certain classes of inventors discounts on fees associated with patent prosecution. This paper explores USPTO Small Entity Status benefits at USPTO and the evolution of that program.

Maintenance Fees

PL 96-517, December 12, 1980, also referred to as the Bayh-Dole Act, introduced the requirement that patentees pay maintenance fees to retain their exclusive right to practice their patented invention. Maintenance fees are required to be paid on all patents based on applications filed on or after December 12, 1980. Maintenance fees are due at 3.5, 7.5, and 11.5 years after the patent grant date to maintain a patent in force beyond 4, 8, and 12 years after the date of grant. Maintenance fees apply to utility patents, the most common type of US patent. Utility patents are generally enforceable for 20 years from the date a patent application is filed.

Until the Leahy-Smith American Invents Act, passed in 2011, Congress set all fees associated with patent prosecution including maintenance fees.

Failure to pay maintenance fees results in a patent expiring, also referred to as a patent being abandoned. USPTO guidance to patentees states, "Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within the grace period of six months thereafter, the patent will expire as of the end of such grace period."¹

Small Entity Status Established

PL-97-247, August 27, 1982 established small entity status by providing a 50% reduction in payment of patent fees for independent inventors, non-profit organizations, and small business concerns.

¹ There are a variety of mechanisms for inventors and assignees to pay maintenance fees beyond the grace period by applying for reinstatement of their patent for unavoidable and unintended reasons. It is always wise to contact a patent attorney if you have questions on the enforceability of a particular patent.

Definition of a Small Entity

Small entity status is available to three types of entities:

1. A Person
2. A Non-profit organization
3. A Small Business

A person is an independent inventor or group of independent inventors. A non-profit organization includes universities and research institutions. A small business is an organization with less than 500 employees. Small entity fees status applies to both US and foreign entities and inventors.

USPTO's Definition of a Small Entity

Following is the definition of a small entity according to [CFR 37.1.27](#)²:

- 1 (a) Definition of small entities . A small entity as used in this chapter means any party (person, small business concern, or nonprofit organization) under paragraphs (a)(1) through (a)(3) of this section.
 - 1 (1) Person. A person, as used in paragraph (c) of this section, means any inventor or other individual (e.g., an individual to whom an inventor has transferred some rights in the invention) who has not assigned, granted, conveyed, or licensed, and is under no obligation under contract or law to assign, grant, convey, or license, any rights in the invention. An inventor or other individual who has transferred some rights in the invention to one or more parties, or is under an obligation to transfer some rights in the invention to one or more parties, can also qualify for small entity status if all the parties who have had rights in the invention transferred to them also qualify for small entity status either as a person, small business concern, or nonprofit organization under this section.
 - 2 (2) Small business concern . A small business concern, as used in paragraph (c) of this section, means any business concern that:
 - 1 (i) Has not assigned, granted, conveyed, or licensed, and is under no obligation under contract or law to assign, grant, convey, or license, any rights in the invention to any person, concern, or organization which would not qualify for small entity status as a person, small business concern, or nonprofit organization; and

² This is the definition of a Small Entity prior to the America Invents Act (AIA). The America Invents Act added Micro Entity status which modified some of these definitions. This is discussed later in this paper.

- 2 (ii) Meets the size standards set forth in 13 CFR 121.801 through 121.805 to be eligible for reduced patent fees. Questions related to standards for a small business concern may be directed to: Small Business Administration, Size Standards Staff, 409 Third Street, SW., Washington, DC 20416.
- 3 (3) Nonprofit Organization . A nonprofit organization, as used in paragraph (c) of this section, means any nonprofit organization that:
 - 1 (i) Has not assigned, granted, conveyed, or licensed, and is under no obligation under contract or law to assign, grant, convey, or license, any rights in the invention to any person, concern, or organization which would not qualify as a person, small business concern, or a nonprofit organization; and
 - 2 (ii) Is either:
 - 1 (A) A university or other institution of higher education located in any country;
 - 2 (B) An organization of the type described in section 501(c) (3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c) (3)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a));
 - 3 (C) Any nonprofit scientific or educational organization qualified under a nonprofit organization statute of a state of this country ([35 U.S.C. 201\(i\)](#)); or
 - 4 (D) Any nonprofit organization located in a foreign country which would qualify as a nonprofit organization under paragraphs (a)(3)(ii)(B) of this section or (a)(3)(ii)(C) of this section if it were located in this country.
- 4 (4) License to a Federal agency .
 - 1 (i) For persons under paragraph (a)(1) of this section, a license to the Government resulting from a rights determination under Executive Order 10096³ does not constitute a license so as to prohibit claiming small entity status.
 - 2 (ii) For small business concerns and nonprofit organizations under paragraphs (a)(2) and (a)(3) of this section, a license to a Federal agency resulting from a funding agreement with that agency pursuant to [35 U.S.C. 202\(c\)\(4\)](#) does not constitute a license for the purposes of paragraphs (a)(2)(i) and (a)(3)(i) of this section.

³ Executive Order 10096 states that the Government shall obtain the entire right, title and interest in and to all inventions made by any Government employee. <http://www.archives.gov/federal-register/codification/executive-order/10096.html>

- 5 (5) Security Interest. A security interest does not involve an obligation to transfer rights in the invention for the purposes of paragraphs (a)(1) through (a)(3) of this section unless the security interest is defaulted upon.

How Establishing Small Entity Status Works

This section presents information on how the process of establishing small entity status works. Establishment of small entity status permits payment of reduced patent fees.

Small Entity Status Is Established By The Inventor, Small Business, or Non-Profit Organization

Entities seeking small entity status certify their eligibility themselves. USPTO relies on the "duty of candor and good faith" on the part of inventors and their representative, patent attorneys and patent agents, in dealing with the Patent Office and that all associated with the filing and prosecution of a patent application to ensure that those requesting small entity status are truthful in dealing with the USPTO. This obligation is established when the inventor signs the Oath and Declaration form⁴ as part of their patent application. This document states,

"I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. 1001 and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

"I hereby acknowledge that any willful false statement made in this declaration is punishable under 18 U.S.C. 1001 by fine or imprisonment of not more than five (5) years, or both."

Small entity status must be asserted on a patent by patent basis.

An inventor must request small entity status for each patent application. According to USPTO, "A small entity, who has properly asserted entitlement to small entity status will be accorded small entity status by the Office in the particular application or patent in which entitlement to small entity status was asserted. Establishment of small entity status allows the payment of certain reduced patent fees pursuant to **35 U.S.C. 41(h)(1).**"

Submission of an original utility application in compliance with the Office electronic filing system by an applicant who has properly asserted entitlement to small entity status in that application allows the payment of a reduced filing fee pursuant to **35 U.S.C. 41(h)(3).**

⁴ The most current version of the Oath and Declaration Form can be reviewed here: <http://www.uspto.gov/sites/default/files/forms/sb0001.pdf>

Parties seeking to pay fees on a small entity basis need to determine their eligibility.

Assertion of Small Entity Status requires a determination of entitlement to pay small entity fees. Prior to submitting an assertion of entitlement to small entity status in an application, including a related, continuing, or reissue application, a determination of such entitlement should be made pursuant to the requirements of the definition of a small entity. The determination of Small Entity Status must be made at each point where fees are due to USPTO, at issuance and when any of the three maintenance fees are due.

Status as a small entity in one application or patent does not affect the status of any other application or patent, regardless of the relationship of the applications or patents. The refiling of an application under § [1.53](#) as a continuation, divisional, or continuation-in-part application (including a continued prosecution application under § [1.53\(d\)](#)), or the filing of a reissue application, requires a new assertion as to continued entitlement to small entity status for the continuing or reissue application.

All Parties Must Meet the Small Entity Requirements for the Fees on a Patent to Reduced

All parties holding rights in the invention must qualify for small entity status. The Office will generally not question any assertion of small entity status that is made in accordance with its requirements, but a false assertion is considered, "Fraud attempted or practiced on the Office."

Small Entity Status is maintained as long as all of the parties with rights to the patent meet the small entity requirement. "Small Entity" or "Large Entity" status applies to the owner (assignee) of the patent rights if it is assigned to an entity other than an independent inventor. If the independent inventor owner of a patent has granted patent rights to an entity that is not a Small Entity, for example licensing their invention to a large company that will integrate the invention into their products, then the independent inventor/owner cannot claim Small Entity status even if he or she is still responsible for paying the patent maintenance fees.⁵

Assertion Must Be In Writing.

Small entity status may be established by a written assertion of entitlement to small entity status. A written assertion must:

1. Be clearly identifiable;
2. Be signed; and
3. Explain what makes the entity entitled to small entity status, According to USPTO the written assertion must, "Convey the concept of entitlement to small entity

⁵ The obligation for maintain a patent and pay the patent fees is a common clause in many exclusive and non-exclusive patent licensing agreements.

status, such as by stating that applicant is a small entity, or that small entity status is entitled to be asserted for the application or patent. While no specific words or wording are required to assert small entity status, the intent to assert small entity status must be clearly indicated in order to comply with the assertion requirement."

The Assertion Can Only Be Signed By One of Three People

The only persons authorized to sign a written assertion of small entity status are the patent attorney or agent registered with USPTO; an inventor; or an assignee.

USPTO states, "Specifically,

1. One of the parties identified in § [1.33\(b\)](#) (e.g., an attorney or agent registered with the Office), § [3.73\(b\)](#) of this chapter notwithstanding, who can also file the written assertion;
2. At least one of the individuals identified as an inventor (even though a § [1.63](#) executed oath or declaration has not been submitted), notwithstanding § [1.33\(b\)\(4\)](#), who can also file the written assertion pursuant to the exception under § [1.33\(b\)](#) of this part; or
3. An assignee of an undivided part interest, notwithstanding §§ [1.33\(b\)\(3\)](#) and [3.73\(b\)](#) of this chapter, but the partial assignee cannot file the assertion without resort to a party identified under § [1.33\(b\)](#) of this part.

Small Entity Status Remains In Effect Until Changed.

An assertion of small entity status need only be filed once for an application or patent. Small entity status, once established, remains in effect until changed. Where an assignment of rights or an obligation to assign rights to other parties who are small entities occurs subsequent to an assertion of small entity status, a second assertion is not required. This means if you do business with other people or organizations that meet the small entity requirements you do not need to notify USPTO and your small entity status is unchanged.

If an Entities Status Changes A New Written Assertion is Required.

Once small entity status is withdrawn, a new written assertion is required to again obtain small entity status. A license to a firm that doesn't meet the small entity requirements requires the patent owner or inventor to withdraw the small entity status.

A Determination of Entitlement to Pay Small Entity Fees Must Be Done Before Each Payment.

Small Entity Status is usually established at the time the patent application is submitted. New determination of entitlement to small entity status is needed at

issue (when a patent is granted) and when maintenance fees are due (at 3.5, 7.5, and 11.5 years after patent issuance.)

Small Entity Status Changes Occur When Maintenance Fees Are Due.

Once status as a small entity has been established in an application or patent, fees as a small entity may thereafter be paid in that application or patent without regard to a change in status until the issue fee is due or any maintenance fee is due. This means there is no requirement for the patentee to inform USPTO of a change in status during the intervening years between patent fee events.

Notification of loss of entitlement to small entity status is required when issue and maintenance fees are due . Notification of a loss of entitlement to small entity status must be filed in the application or patent prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a small entity is no longer appropriate. The notification that small entity status is no longer appropriate must be signed by a party identified in § [1.33\(b\)](#).

Payment of a fee in other than the small entity amount is not sufficient notification that small entity status is no longer appropriate. You must file a new written assertion stating the entities status. USPTO has systems in place to identify discrepancies between the entity status and the amount of the of fees paid and notifies patentees when a discrepancy occurs.

Falsely Claiming Small Entity Status Is Fraud.

USPTO cautions patentees that “a false claim of small entity status is considered fraud attempted or practiced on the Office.”

USPTO defines fraud in assertion of small entity status, as,

“(1) Any attempt to fraudulently establish status as a small entity, or pay fees as a small entity, shall be considered as a fraud practiced or attempted on the Office.

“(2) Improperly, and with intent to deceive, establishing status as a small entity, or paying fees as a small entity, shall be considered as a fraud practiced or attempted on the Office.”

Patent law firms advise their clients that, “Any attempt to fraudulently establish or improperly establish with intent to deceive status as a small entity, or pay fees as a small entity, shall be considered as a fraud practiced or attempted on the Office. Fraudulent or improper establishment with intent to deceive small entity status may result in the patent being found invalid.”⁶ (Emphasis added.)

⁶ <http://www.ddkpatent.com/pubs/smallentitystatusarticle.pdf>

Duty of Disclosure in Dealing with the USPTO

[37 CFR 1.56\(a\)](#) states that the "duty of candor and good faith" is owed "in dealing with the Office" and that all associated with the filing and prosecution of a patent application have a "duty to disclose to the Office" material information. This duty "in dealing with" and "to" the Office extends, of course, to all dealings which such individuals have with the Office, and is not limited to representations to or dealings with the examiner.

This language of [37 CFR 1.56](#) (and [37 CFR 1.555](#)) has been modified effective March 16, 1992 to emphasize that there is a duty of candor and good faith which is broader than the duty to disclose material information. [37 CFR 1.56](#) further states that "no patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct."

Where the subject matter for which a patent is being sought is or has been involved in litigation, the existence of such litigation and any other material information arising therefrom must be brought to the attention of the U.S. Patent and Trademark Office. Examples of such material information include evidence of possible prior public use or sales, questions of inventorship, prior art, allegations of "fraud," "inequitable conduct," and "violation of duty of disclosure." Another example of such material information is any assertion that is made during litigation which is contradictory to assertions made to the examiner. Such information might arise during litigation in, for example, pleadings, admissions, discovery including interrogatories, depositions, and other documents and testimony. (Emphasis added.)

Fraud, Inequitable Conduct Or Violation of Duty of Disclosure Affects All Claims

A finding of "fraud," "inequitable conduct," or violation of duty of disclosure" with respect to any claim in an application or patent, renders all the claims thereof unpatentable or invalid.⁷

Inequitable conduct relates to false affidavits and declarations, generally by not disclosing accurate and complete information to the Office or making assertions that are false. Once a court concludes that inequitable conduct occurred, all the claims -- not just the particular claims in which the inequitable conduct is directly

⁷ See *Environ Prods., Inc. v. Total Containment, Inc.*, 43 USPQ2d 1288, 1291 (E.D. Pa. 1997). *Chromalloy American Corp. v. Alloy Surfaces Co.*, 339 F. Supp. 859, 173 USPQ 295 (D.Del. 1972) and *Strong v. General Electric Co.*, 305 F. Supp. 1084, 162 USPQ 141 (N.D. Ga. 1969), *aff'd*, 434 F.2d 1042, 168 USPQ 8 (5th Cir. 1970), *cert. denied*, 403 U.S. 906 (1971). In *J. P. Stevens & Co. v. Lex Tex Ltd.*, 747 F.2d 1553, 1561, 223 USPQ 1089, 1093-94 (Fed. Cir. 1984),

connected -- are unenforceable. If all claims are unenforceable, the patent is invalid.⁸

Fraud Is an All Or Nothing Proposition

The gravamen of the fraud defense is that the patentee has failed to discharge the duty of dealing with the examiner and the patent office in a manner free from the taint of "fraud or other inequitable conduct." If such conduct is established in connection with the prosecution of a patent, the fact that the lack of candor did not directly affect all the claims in the patent has never been the governing principle. It is the inequitable conduct that generates the unenforceability of the patent. A patentee doesn't partially escape the consequences of wrongful acts by arguing that the only committed acts of omission or commission with respect to a patent were limited to a number of claims. Fraud is an all or nothing proposition.

Further, Section 509.03 of the Manual of Patent Examination Procedures (MPEP) sets forth the procedure for claiming small entity status. In that section, there is a subsection that specifically sets forth what happens if small entity status is improperly established. This section provides that "any attempt to fraudulently establish status as a small entity or pay fees as a small entity will be considered as a fraud practiced or attempted on the Office."

America Invents Act Added New Micro Entity Status

The America Invents Act of 2011 introduced a new extension to small entity status, micro entity status; new discounts on fees; and a new level of complexity in determining entity status when patent paying fees.

The new law also granted authority to the Director of the USPTO to set the fees for patent services including maintenance fees, authority previously held by Congress.

The Leahy-Smith America Invents Act (Public Law: 112-29) provides that: (1) The Office may set or adjust any patent fee, provided that the revenue generated by patent fees recovers only the aggregate estimated costs to the Office for processing, activities, services, and materials relating to patents (including administrative costs); and (2) most fees set or adjusted under this authority are reduced by fifty percent

⁸ See generally, cases collected in 4 Chisum, PATENTS, paragraph 19.03[6] at 19-85 n. 10 (1984). Inequitable conduct "goes to the patent right as a whole, independently of particular claims." *In re Clark* 522 F.2d 623, 626, 187 USPQ 209, 212 (CCPA). The court noted in footnote 8 of Stevens: *In re Multiple Litigation Involving Frost Patent*, 540 F.2d 601, 611, 191 USPQ 241, 249 (3rd. Cir. 1976), some claims were upheld despite nondisclosure with respect to others. The case is not precedent in this court. As stated in *Genveto Jewelry Co.v. Lambert Bros., Inc.*, 542 F. Supp. 933, 943, 216 USPQ 976, 984 (S. D. N. Y. 1984) (quoting *Patent Law Perspectives, 1977 Developments*, § G.1 [1]-189):

with respect to small entities and by seventy-five percent with respect to micro entities.

The Leahy-Smith America Invents Act adds a new section to Title 35 of the United States Code that defines a "Micro Entity." The rules of practice at USPTO had provisions pertaining to small entity status, as the patent laws provided a small entity discount prior to the Leahy-Smith America Invents Act.⁹ The AIA added new rules of practice for establishing micro entity status. Starting on or after March 19, 2013, inventors meeting the micro-entity requirements are eligible for a seventy-five percent reduction on most fees.

Small Entities Qualify for Further Fee Discounts If They Meet Micro Entity Requirements

The AIA offered new discounts to small entities that meet new requirements. Specifically,

1. The applicant or patentee qualifies as a small entity.
2. The inventor has not been named on four previously filed patent applications.
3. Inventors did not have a household income for the preceding calendar year exceeding three times the median household income in the US
4. Has not assigned, licensed or passed an ownership to the patent application to another entity.

The AIA also established special criteria for asserting micro entity status for inventors working for institutes of higher education. Each is discussed below.

Detailed USPTO Definition of Micro Entity for Inventors

[35 U.S.C. 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, 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, or conveyed, and is not under an obligation by contract or law to

⁹ Federal Register Notice detailing Micro Entity requirements: <http://www.gpo.gov/fdsys/pkg/FR-2012-12-19/pdf/2012-30674.pdf>

assign, grant, or convey, a license or other ownership interest in the application concerned 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 in section 61(a) of the Internal Revenue Code of 1986, exceeding three times the median household income for that preceding calendar year, as most recently reported by the Bureau of the Census. See 125 Stat. at 318. [35 U.S.C. 123\(a\)](#) provides one basis under which an applicant may establish micro entity status.

New Assertions Are Required for Status Changes

Entities that have already asserted their small entity must file new assertions to qualify for micro entity status. Like small entity practices, entities are under the same obligations to notify USPTO when they no longer qualify for micro entity status. An applicant may file single notice to the USPTO indicating the concurrent loss of entitlement to micro entity status and certification of small entity status.

An applicant/patentee who loses entitlement to micro entity status cannot pay a fee in the small or undiscounted amount without first or simultaneously notifying the Office in writing of loss of micro entity status. An applicant can make a simple statement that he/she/it is no longer eligible for micro entity status without identifying the particular reason(s) for loss of entitlement to micro entity status.

Status Determination At Each Maintenance Fee Payment

Like the process for the loss of small entity status, the applicant must make a determination whether the requirements for micro entity status exist at the time each fee payment is made. If any requirement for micro entity status is no longer met, then the applicant must notify the Office of loss of micro entity status and pay the required fee in the small or undiscounted (large entity) amount as appropriate.

Micro Entity Income Limit

Under the "gross income" requirement for micro entity status, the inventor and the assignee must certify that each meets the gross income limit. Additionally, the inventor must certify that he/she meets the application filing limit of having no more than four previously filed patent applications.

If there is more than one inventor named in a patent application as the applicant, each inventor must qualify for micro entity status to pay fees in the micro entity amount. The inventors may qualify for micro entity status individually under either the "gross income" basis or the "institution of higher education" basis. (See higher education discussion below.)

The Maximum Qualifying Gross Income" for purposes of paying any eligible fee at the micro entity discount rate is \$155,817 as of June 26, 2015 as posted on the USPTO website. A single inventor must have a maximum qualifying gross income

equal to or less than \$155,817. In the case of applications with more than one inventor, the "gross income" limit means each inventor's income is equal to or less than \$155,817. If any one inventor's income exceeds the "maximum qualifying gross income" at the time a fee is paid, then the "gross income" requirement would not be met, and the applicant could not pay any fee due in the micro entity amount.

(The USPTO will publishes, and updates the prevailing gross income amount on the USPTO website annually, at http://www.uspto.gov/patents/law/micro_entity.jsp.)

Who Can Sign The Micro Entity Assertion

The requirements for signing the written assertion for micro entity status are different from those for asserting small entity status.

The certification of micro entity status forms (Forms PTO/SB/15A and PTO/SB/15B) may only be signed by an authorized party as set forth in 37 CFR 1.33(b). This means that the only parties who may sign a certification of micro entity status form are:

1. A registered patent practitioner, meaning a registered attorney or agent who is either of record or acting in a representative capacity under 37 CFR 1.34;
2. An inventor who is named as the sole inventor and identified as the applicant; or
3. All of the joint inventors who are identified as the applicant. If qualified for micro entity status, joint inventor applicants should sign separate copies of the relevant micro entity certification form(s).

An officer of an assignee corporation or organization is not authorized to sign a certification of micro entity status form.

Institution of Higher Education Requirements for Micro Entity Status

The AIA introduces additional ways for inventors who work for institutes of higher education to qualify for micro entity status. These requirements are different than for inventors and entities where inventors are not employees of colleges or universities. [35 U.S.C. 123\(d\)](#) provides the basis under which an applicant may establish this type of micro entity status.

First, the applicant must first certify qualification as a small entity under 37 C.F.R. 1.27.

Second, the applicant must certify that either the applicant's employer, from which he/she obtains the majority of his/her income, is an institution of higher education; or the applicant has assigned, granted, or conveyed a license or other ownership interest in the subject application (or is obligated to do so) to such an institution of higher education. There is no maximum income amount or a limit on the number of pending patent applications for those employed by higher education institutions.

This status enables university researchers who make patentable discoveries where the university doesn't/can't finance the patent prosecution process to file the patent application independently as a micro entity.

No Limit on Patent Applications

The "institute of higher education" definition, unlike the "gross income" definition, does not contain any limit on the number of applications for which micro entity reduced fees are paid.

If the university filed as the applicant, the university would not be eligible for the micro entity discount. Under the "gross income" definition, the university likely would not meet the "four previously filed applications" limit. Likewise, under the "institution of higher education" definition, the university itself would not either be an employee of the "institution of higher education" or obtain the majority of its income from such institution; or be a transferor of ownership rights to such institution.

Hybrid Inventor Teams

Evaluation for eligibility for Micro Entity Status enables a hybrid team of inventors where one inventor works for a university and others do not. In this circumstance, the university inventor must work for the university but can have more than four pending patent applications. The non-university inventor must not have more than four patent applications pending and must also meet the gross income threshold.

Definition of an Institute of Higher Education

An educational institution in any State that,

1. Admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, or persons who meet the requirements of section 1091(d)(3) of this title;
2. Is legally authorized within such State to provide a program of education beyond secondary education
3. Provides an educational program for which the institution awards a bachelor's degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree, or awards a degree that is acceptable for admission to a graduate or professional degree program, subject to review and approval by the Secretary
4. Is a public or other nonprofit institution; and
5. Is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted pre-accreditation status

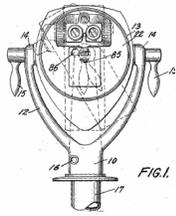
by such an agency or association that has been recognized by the Secretary for the granting of pre-accreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time."

State means the 50 States of the United States as well as the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States and that the Freely Associated States means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

Timeline

This is a high level overview of events surrounding maintenance fees and small entity status at USPTO.

Date	Event
December 12, 1980	<p>PL-96-517 (Bayh-Dole Act) Signed by President Carter.</p> <p>In addition to allowing inventors/entities making patented discoveries during performance of government funded work (grants/contract), this bill established the requirement for patentees to pay maintenance fees on utility patents to maintain their exclusive rights to practice the inventions contained in the patent.</p> <p>Codified at 94 Stat. 3015, and in 35 U.S.C.§ 200-212, and is implemented by 37 C.F.R. 401</p>
December 12, 1980	<p>37 C.F.R. 1.362 Time for payment of maintenance fees. Maintenance fees as set forth in §§ 1.20(e) through (g) are required to be paid in all patents based on applications filed on or after December 12, 1980, except as noted in paragraph (b) of this section, to maintain a patent in force beyond 4, 8 and 12 years after the date of grant.</p>
August 27, 1982	<p>PL- 97-247 was passed and signed into law. This was a budgetary bill for USPTO. This law established small entity discounts on patent prosecution fees and established the initial fee structure. "...Funds available under this section shall be used to reduce by 50 per centum the payment of fees under section 41 (a) and (b) of title 35, by independent inventors and non-profit organizations as defined in the regulations established by the Commissioner of Patents and Trademarks, and by small business concerns as defined in section 3 of the Small Business Act and by regulations established by the Small Business Administration."</p>
August 2, 1983	<p>USPTO modified the deed of grant to notify patentees that the grant of the exclusive right to practice the invention was subject to the payment of maintenance fees until approximately August 2, 1983.</p>
July 3, 1984	<p>It was not until approximately July 3, 1984 that the words "subject to the payment of maintenance fees" were placed on the front cover of the patent deed"</p>
September 16, 2011	<p>Public Law: 112-29, The Leahy-Smith America Invents Act (AIA) introduced Micro Entity status that affords qualifying entities a 75% discount on patent fees.</p>
March 19, 2013	<p>Micro Entity fees became effective on March 19, 2013. (See http://www.uspto.gov/custom-page/inventors-eye-advice.)</p>



About Way Better Patents

Way Better Patents is an information products and digital publishing firm delivering actionable accessible data-driven information and intelligence on today's rapidly changing innovation economy. Way Better Patents uses open data and proprietary analytics to deliver products and services focused on the nature and scope of invention, why patents are important, and the nature of 21st century innovation.

Coming Soon™ products are designed to help you understand the local impact of invention, patents, and innovation in today's science and technology-centric economy. Our goal is to encourage broader discourse on the impact of patents and science and technology policy on local innovation. Business is global. Innovation is local.

Resources for Research

Way Better Patents develops custom reports and custom datasets to support patent strategists, business analysts, talent scouts, site selection professionals, and science and technology policymakers. Let us support your exploration.

About Our Products

Way Better Patents is a mobile friendly site that operates on your desktop and mobile devices.

Way Better Patents is user-focused collaboration of patent and innovation professionals with a wide range of experience across the patentsphere. We love all aspects of patent data and analytics so please feel free to ask questions, point out areas that need improvement, throw out ideas for data focused research and analysis, or engage us in high-level conversations or down in the weeds patent geekery.

Way Better Patents uses responsive design so that you can access Way Better Patents resources from all of your mobile, desktop, and presentation devices. We offer a range of custom analytics, presentation materials, maps, and data sets and consulting services to support you.

Contact Us

Way Better Patents™
2961-A Hunter Mill Road #602
Oakton Virginia 22124-1704
phone: 703.597.2574
email: info@waybetterpatents.com