H.O.R. 15

Calendar No. 2131

87TH CONGRESS, 2d Session | SENATE | REPORT No. 2167

PATENT OFFICE FEES

SEPTEMBER 27, 1962 Ordered to be printed

Mr. MCCLELLAN, from the Committee on the Judiciary, submitted the following

REPORT

together with

INDIVIDUAL VIEWS

[To accompany S. 2225]

The Committee on the Judiciary, to which was referred the bill (S. 2225) to fix the fees payable to the Patent Office and for other purposes, having considered the same, reports favorably thereon, with an amendment in the nature of a substitute, and recommends that the bill, as amended, do pass.

AMENDMENT

Strike all after the enacting clause and insert in lieu thereof the following:

That the items numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10, respectively, in subsection (a) of section 41, title 35, United States Code, are amended to read as follows:

"1. On filing each application for an original patent, except in design cases, $50; in addition, on filing or on presentation at any other time, $10 for each claim in independent form which is in excess of one, and $2 for each claim (whether independent or dependent) which is in excess of ten.

"2. For issuing each original or reissue patent, except in design cases, $75; in addition, $10 for each page (or portion thereof) of specification as printed, and $2 for each sheet of drawing.

"3. In design cases—

"a. On filing each design application, $20.

"b. On issuing each design patent: For three years and six months, $10; for seven years, $20; and for fourteen years, $30.

"4. On filing each application for the reissue of a patent, $50; in addition, on filing or on presentation at any other time, $10 for each claim in independent form which is in excess of the number of independent claims of the original patent, and $2 for each claim (whether independent or dependent) which is in excess of ten and also in excess of the number of claims of the original patent.

"5. On filing each disclaimer, $15.

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"6. On an appeal for the first time from the examiner to the Board of Appeals, $100. If an oral hearing is not requested prior to any consideration by the Board, $50 of the $100 fee will be refunded; or, alternatively, if the appeal is withdrawn prior to any consideration by the Board, all of the fee over $25 will be refunded.

"7. On filing each petition for the revival of an abandoned application for a patent or for the delayed payment of the fee for issuing each patent, $15.

"8. For certificate under section 255 or under section 256 of this title, $15.

"9. As available and if in print: For uncertified printed copies of specifications and drawings of patents (except design patents), 25 cents per copy; for design patents 10 cents per copy; the Commissioner may establish a charge not to exceed $1 per copy for patents in excess of twenty-five pages of drawings and specifications and for plant patents printed in color; special rates for libraries specified in section 13 of this title, $50 for patents issued in one year.

"10. For recording each assignment of an application or a patent, $20; for recording any other paper, $20."

SEC. 2. Section 41 of title 35, United States Code, is further amended by adding the following subsection:

"(c) The fees prescribed by or under this section shall apply to any other Government department or agency, or officer thereof, except that the Commissioner may waive the payment of any fee for services or materials in cases of occasional or incidental requests by a Government department or agency, or officer thereof."

SEC. 3. Section 31 of the Act approved July 5, 1946 (ch. 540, 60 Stat. 427; U.S.C., title 15, sec. 1113), as amended, is amended to read as follows:

"(a) The following fees shall be paid to the Patent Office under this Act:

"1. On filing each original application for registration of a mark in each class, $35.

"2. On filing each application for renewal in each class, $25; and on filing each application for renewal in each class after expiration of the registration, an additional fee of $5.

"3. On filing an affidavit under section 8(a) or section 8(b), $10.

"4. On filing each petition for the revival of an abandoned application, $15.

"5. On filing notice of opposition or application for cancellation, $25.

"6. On appeal from an examiner in charge of the registration of marks to the Trademark Trial and Appeal Board, $25.

"7. For issuance of a new certificate of registration following change of ownership of a mark or correction of a registrant's mistake, $15.

"8. For certificate of correction of registrant's mistake or amendment after registration, $15.

"9. For certifying in any case, $1.

"10. For filing each disclaimer after registration, $15.

"11. For printed copy of registered mark, 10 cents.

"12. For recording each assignment of a registration, $20; for recording any other paper, $20.

"13. On filing notice of claim of benefits of this Act for a mark to be published under section 12(c) hereof, $10.

"(b) The Commissioner may establish charges for copies of records, publication, or services furnished by the Patent Office, not specified above.

"(c) The Commissioner may refund any sum paid by mistake or in excess."

SEC. 4. Section 151 of title 35, United States Code, is amended to read as follows:

"§ 151. Issue of Patent

"If it appears that applicant is entitled to a patent under the law, a written notice of allowance of the application shall be given or mailed to the applicant, and the Commissioner shall thereafter issue the patent.

"The issue fee, as specified in item 2 of section 41(a) of this title, shall be paid within three months after the date of the issue of the patent. However, at the time of giving notice of allowance, the Commissioner may require a sum, constituting a portion of the issue fee, to be paid within three months after the date of the notice of allowance. If payment of this sum is not timely made, the application shall be regarded as abandoned.

"If the issue fee is not fully paid within three months after the date of the issue of the patent, the patent shall lapse as of the date the issue fee was due.

"If any payment called for herein is not timely submitted, but is submitted with the fee for delayed payment within three months after the due date and sufficient cause is shown for the late payment, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred."

SEC. 5. Section 154 of title 35, United States Code, is amended by inserting the words "subject to the payment of issue and maintenance fees as provided for in this title," after the words "seventeen years,".

SEC. 6. Title 35, United States Code, is amended by adding the following new section after section 154:

"§ 155. Maintenance fees

"(a) During the term of a patent, other than for a design, the following fees shall be due:

"(1) a first maintenance fee on or before the fifth anniversary of the issue date of the patent;

"(2) a second maintenance fee on or before the ninth anniversary of the issue date of the patent; and

"(3) a third maintenance fee on or before the thirteenth anniversary of the issue date of the patent.

In the case of a reissue patent the times specified herein shall run from the date of the original patent.

"(b) A grace period of six months will be allowed in which to pay any maintenance fee, provided it is accompanied by the fee prescribed for delayed payment.

"(c) The first and second maintenance fees may be deferred in accordance with subsection (f) of this section.

"(d) A patent will terminate on the due date for any maintenance fee unless, as provided for in this section, the fee due (including any fees previously deferred) is paid or a statement in accordance with subsection (f) of this section requesting deferment is filed. Such termination or lapsing shall be without prejudice to rights existing under any other patent.

"(e) Notice of the requirement for the payment of the maintenance fees and the filing of statements in compliance with this section shall be attached to or be embodied in the patent. Approximately thirty days before a maintenance fee is due, the Commissioner shall send a separate notice thereof to the patentee and all other parties having an interest of record at the addresses last furnished to the Patent Office. Irrespective of any other provision of this section, a maintenance fee may be paid within thirty days after the date of such separate notice.

"(f) Any inventor to whom a patent issued (or his heirs) and who owns the patent may within six months of the fifth anniversary of the issue date of the patent (by a statement under oath) request deferment of the first maintenance fee if the total benefit received by the inventor or any other party having or having had any interest in the subject matter of the patent, from, under, or by virtue of the patent or from the manufacture, use, or sale of the invention, was less in value than the amount of the fee, and the statement so specifies. The fee shall thereupon be deferred until the time the second maintenance fee is due and shall be paid in addition to the second maintenance fee.

"Any inventor to whom a patent issued (or his heirs) and who owns the patent may within six months of the ninth anniversary of the issue date of the patent (by a statement under oath) request deferment of the second maintenance fee (and further deferment of the first maintenance fee if such fee has been deferred) if the total benefit received by the inventor or any other party having or having had any interest in the subject matter of the patent during the preceding four years, from, under, or by virtue of the patent or from the manufacture, use, or sale of the invention, was less in value than the amount of the second fee, and the statement so specifies. The second fee, or the first and second fees, as the case may be, shall thereupon be deferred until the time the third maintenance fee is due and shall be paid in addition to the third maintenance fee and with the same result if not paid. No deferment of any of the fees beyond the thirteenth anniversary of the issue date of the patent shall be permitted and the patent will terminate at the end of the thirteenth anniversary of the issue date unless all maintenance fees are paid in accordance with the provisions of this section."

SEC. 7. The analysis of chapter 14 of title 35, United States Code, immediately preceding section 151, is amended to read as follows:

"Sec.
"151. Issue of patent.
"152. Issue of patent to assignee.
"153. How issued.
"154. Contents and term of patent.
"155. Maintenance of fees."

SEC. 8. Subsection (a) of section 41 of title 35, United States Code, is further amended by adding the following:

"12. For maintaining a patent (other than for a design) in force—

"a. beyond the fifth anniversary of the issue date of the patent, $50;

"b. beyond the ninth anniversary of the issue date of the patent, $100; and

"c. beyond the thirteenth anniversary of the issue date of the patent, $150.

"13. "For delayed payment of maintenance fee, $25."

SEC. 9. (a) This Act shall take effect three months after its enactment.

(b) Items 1, 3 and 4 of section 41(a) of title 35, United States Code, as amended by section 1 of this Act, do not apply in further proceedings in applications filed prior to the effective date of this Act.

(c) Item 2 of section 41(a), as amended by section 1 of this Act, and sections 4, 6, and 8 of this Act do not apply in cases in which the notice of allowance of the application was sent, or in which a patent issued, prior to the effective date; and, in such cases, the fee due is the fee specified in this title prior to the effective date of this Act.

(d) Item 3 of section 31 of the Trademark Act, as amended by section 3 of this Act, applies only in the case of registrations issued and registrations published under the provisions of section 12(c) of the Trademark Act on or after the effective date of this Act.

SEC. 10. Section 266 of title 35, United States Code, is repealed.

The chapter analysis of chapter 27 of title 35, United States Code, is amended by striking out the following item:

"266. Issue of patents without fees to Government employees."

PURPOSE OF THE BILL

The purpose of S. 2225, as amended, is to increase the fees payable to the Patent Office so that a reasonable part of Patent Office costs may be recovered. The bill also seeks to improve the prosecution of patent applications, fix payments at more convenient times, and reduce the volume of unused patents.

The fees payable to the Patent Office are determined by statute and have not been revised since 1932. The income of the Patent Office has declined during this period from 90 percent recovery of costs down to an estimated recovery of 31 percent during the present fiscal year. If the fees provided for in this bill are approved, when these fees became fully effective 14 years hence, the Patent Office would then be recovering approximately 74 percent of its costs.

STATEMENT

The principal Patent Office fees now in effect were established by Public Law 212, 72d Congress (47 Stat. 382), which increased the basic filing and issue fees to the present $30 figure. Since 1947 a number of bills have been introduced in the Congress to revise fees. The legislative history of Patent Office fee bills is provided in Study No. 13 of this committee's Subcommittee on Patents, Trademarks and Copyrights.

On July 11, 1961, S. 2225 was introduced by Senator John L. McClellan at the request of the Department of Commerce. An identical bill, H.R. 7731, was introduced in the other body by Representative Emanuel Celler. These bills proposed a number of fee increases, including the payment of maintenance fees of $100, $300, and $500, after the 5th, 9th, and 13th years, respectively, of the life of a patent. Subsequently, the Department of Commerce, by executive communication dated March 22, 1962, requested introduction of a draft bill designed as a substitute for S. 2225 and H.R. 7731. Such a revised bill, H.R. 10966, was introduced by Representative

Celler in the other body. No revised bill was introduced in the Senate. However, the amendments proposed by the Department of Commerce in the executive communication were considered by this committee's Subcommittee on Patents, Trademarks, and Copyrights when on September 4 it held a public hearing on S. 2225.

SECTIONAL ANALYSIS

The principal provisions of S. 2225, as amended, are as follows:

Section 1. Patent fees

The two basic fees in patent cases are a fee payable when the application for patent is filed and a fee payable when the patent is to be issued. These now are $30 each (with a charge of $1 for each claim in excess of 20). These two fees produce approximately 50 percent of the revenue of the Patent Office.

Item 1 of section 1 proposes to raise the filing fee from $30 to $50 with a further payment of $2 for each claim presented in excess of 10 (whether in independent or dependent form) and $10 for each independent claim presented in excess of 1. (A claim in independent form stands on its own in defining the invention, while the dependent form incorporates by reference a previous claim and adds some additional limitation.)

It is estimated that this revision will more than double the income from filing fees for original and reissue applications.

The second important change in fees by section 1 (item 2) is to raise the fee required to issue a patent from $30 to $75 with an additional charge of $10 for each page of specification as printed and $2 for each sheet of drawing. It is estimated that this change will increase from approximately $1.5 million to $5.3 million the income from the issue or final fee.

Section 1 also changes the fee structure applicable to design patents: Item 3 requires a filing fee of $20 and an issue fee of $10, $20, or $30, depending upon whether the applicant wants a term of 3½, 7, or 14 years. The present design fee is a filing fee of $10, $15, or $30 depending upon the term of the patent that is wanted. One of the purposes in changing this section is to avoid the present practice wherein an applicant files for a 3½-year term and, upon allowance, requests that the term be increased to 7 or 14 years, paying the balance of the fees. The increase in revenue from this change is less than $90,000 a year, but it is estimated that the change will reduce to a reasonable extent some of the burdens on the Office and, for that matter, on the applicant himself.

For a similar reason, section 1 changes the structure of the reissue patent fees from a flat charge of $30 for filing the application to a filing fee of $50 with an additional charge of $2 and $10 for total claims over 10 and independent claims over 1 newly presented, respectively (item 4); and an issue fee of $75 plus $10 for each page of specification as printed and $2 for each sheet of drawing (item 2). There is no fee currently charged for issuing a reissue patent. Here, again, the revenue from the change is slight. There are only approximately 200 reissue applications filed each year; however, the revision will establish uniform treatment for all patent applications, whether original or reissue. It costs as much to print the reissue patent as it does an original patent, and the cost of examining such applications, although

it starts from where the previous application left off, can be and usually is substantial. These facts being true, it seems reasonable for reissue applicants to pay the same fees as new applicants are required to pay.

Item 6 of section 1 changes the fee on appeal to the Board of Appeals from $25 to $50 if the Board considers the appeal on the merits and to $100 if an oral hearing is requested. It is provided, however, that all but $25 of either of these fees will be refunded if the applicant withdraws the appeal before the Board takes it up for consideration.

The purpose of this change is twofold: (1) to increase the appeal fee so that it will be more nearly commensurate with the expense involved, and (2) to encourage submissions on briefs or, at a minimum, make a charge for oral hearings, rather than burden those who are willing to submit their appeals on written briefs. Beyond this, the change will encourage withdrawals at the earliest possible time.

In many cases, after the brief is filed, the case is reconsidered by the examiner, the claims allowed, and the appeal withdrawn. In other cases, the appellant may lose interest in the invention and abandon efforts to get his patent. In both cases, the proposed fee structure will encourage applicants to resolve the issue at an early time and withdraw the appeal, helping to relieve the Board of Appeals from its increasing backlog.

Approximately 60 percent of the appeals filed do not proceed to hearing or decision; as to these, there would be no change in the appeal fee. Of those decided, in only 30 percent is the examiner reversed in whole or in part.

The final important change in section 1 pertains to the recording of assignments. At present a basic charge of approximately $3, with small surcharges for size and additional items, is made to record an assignment even though a number of applications, registrations, or patents are assigned by one instrument. The combined charges average about $3.20. Item 10 of section 1 of the bill proposes a charge of $20 for each item recorded. A substantial increase in income to the Patent Office will result from this change. One of the principal purposes in raising the fee for recording an assignment is to place more of the burden for Patent Office operations on those applications, patents, and registrations which have proved to be valuable. Presumably, there would be no traffic in patents, applications, and registrations which are valueless. Conversely, if anyone goes to the trouble to arrange an assignment of any one of these, it must have some value.

Items 5, 7, and 8 of section 1, deal with circumstances of relatively small occurrence and the income from which is small. Changes are made to keep them in line with other changes. The reference to certificates under section 256 in item 8 is new and, to this extent, a minor new fee is added.

The sale of printed copies of patent specifications and drawings at 25 cents per copy represents a large fraction of Patent Office income, at present about 20 percent of the total. No change in this fee is proposed, but item 9 of section 1 adds a provision giving the Commissioner authority to raise the charge to not more than $1 in the case of specifications above a certain size and for plant patents printed in color.

Sections 2 and 10. Fees to be paid by Government agencies

Section 2 of S. 2225 provides that patent fees shall apply to Government agencies; in other words, they are to pay the same fees as anybody else, except that fees for incidental or occasional requests may be waived. Section 10 makes a coordinating change. The Patent Office would obtain approximately $300,000, based on current volume of business from fees paid by Government agencies if this bill should be enacted.

Section 3. Trademark fees

Section 3 of the bill makes various changes in fees related to trademark cases. In form, the section of the Trademark Act dealing with fees is reorganized so that fees which are not changed are repeated. There are three major changes in trademark fees and a few minor ones. First, the fee for filing an application to register a mark is proposed to be raised from $25 to $35; second, a fee of $10 is made payable at the time an affidavit of use if filed (at the end of 5 years); and third, the fee for recording an assignment of a trademark registration is increased to $20 to be consistent with that for recording patent assignments.

For the first time, a fee is made payable on the filing of a petition to revive an abandoned trademark application. And the fee for surrendering a registration has been dropped.

Section 4. Payment of issue fee

This section of the bill proposes a different concept in the payment of the issue fee. At present a notice of allowance is sent to the applicant. There then is a 6-month period within which the final fee must be paid, and thereafter the patent normally issues within 7 weeks. (There is also a provision for the delayed payment of the issue fee up to 1 year). It is proposed that once the notice of allowance has been mailed to the applicant, the Patent Office will proceed to issue the patent forthwith. In most cases, the patent will issue in a normal course of time (30 to 60 days) after the notice of allowance is mailed. The issue fee will be due 3 months after the date the patent is issued.

However, section 4 will permit the Commissioner to require a deposit to applied against the issue fee before issuing the patent. The provision will give sufficient flexibility to the Commissioner so that in the case of particularly large applications, the heavy cost of printing is not incurred, or at least not incurred without good likelihood that the fees will be paid.

This particular arrangmeent for the payment of the issue fee is proposed for two reasons, First, it will allow the Patent Office to issue patents substantially sooner—in fact, the waiting period of 6 months for paying the final fee vanishes. This decrease in the period of pendency will permit the Patent Office to get new technology to the public at an earlier date. Second, this particular arrangement as to the issue fee will enable the applicant to calculate the amount of the components of the issue fee easily before it is due.

If the fee were to be paid after the notice of allowance was sent out, but before the patent issues, it would be necessary to make a rough page count of the application and an estimate of how many printed pages are involved. Since applications have many interlineations and other additions and deletions during the course of prosecution, it

would be quite time consuming to attempt to make such an estimate. It might also be inaccurate in the final analysis. By waiting until after the patent issues, and basing the charge on the number of sheets of drawings and pages of specifications as printed, the applicant can easily make an exact determination of the amount of the final fee and submit it within 3 months of the issue date.

Sections 5–8. Maintenance fees

Sections 5 to 8 of the bill introduces maintenance fees in patent cases. To keep a patent in force after it issues, a patentee would be required to pay a 1st fee of $50 due at the end of the 5th year of its life, a 2d fee of $100 due at the end of the 9th year, and a 3d fee of $150 due at the end of the 13th year. Failure to pay any of these fees would result in the lapse of the patent. However, a grace period of 6 months is provided in which to pay the maintenance fees as they become due. This would save the patentee who misses the anniversary date for some reason. The grace period provision also satisfies our obligation under the Paris Convention for the Protection of Industrial Property. The bill requires the Commissioner of Patents to notify the owner of the patent of the payment requirement a reasonable time prior to each due date.

Also, there is a provision in these sections which permits deferment by an inventor who still owns his patent and has not made money or received value from the patent at least equal to the amount of the maintenance fee prior to the date that fee is due. For example, at the end of the fifth year, if the inventor still owns his patent, and has not made money, or received equivalent value from or under the patent, at least equal to the $50 fee required, he can file an affidavit to this effect and the payment will be deferred until the second maintenance fee is due.

At the end of the ninth year, if the inventor has not made at least the $100 then due (or received such value), he can request a deferment of the second fee by affidavit; a second deferment of the first fee can also be requested.

At the time the 3d maintenance fee is due (at the end of the 13th year), however, even though the inventor has not realized anything on his invention, the patent will lapse unless the fees then due are paid. This means an inventor-owner can maintain his patent in force for 13 years without any payment of maintenance fees unless he has successfully exploited his invention at least to a point where the benefits therefrom are equal to the amount of the first maintenance fee before its due date or the amount of the second fee before its due date.

As in the case of assignments, this provision marks an effort to place part of the burden of running the patent operation on those patents which prove successful at least to some extent.

The basic provision for maintenance fees is in section 6 of the bill; section 8 specifies the amount of the fees; sections 5 and 7 make incidental amendments.

Section 9. Time of coming into force

Section 9 of the bill works out the time of coming into force of various provisions which need special treatment.

The maintenance fees are not made retroactive to existing patents but are made to apply only to patents issued in the future in the manner indicated.

The new patent issue fee and issuance procedures apply to cases in which the notice of allowance was sent after the effective date of the act.

The new trademark affidavit fee is applied only to registrations issued after the effective date of the act and to certain old registrations which are brought into the condition of requiring the affidavit, after the effective date.

INCOME RESULTS OF THE BILL

The results of the fees specified in the bill are based on estimates for 1962 fiscal year. Under the present schedule of fees the income—using fiscal 1962 as a basis—is estimated at $7.7 million, which would be 31 percent of operating costs, and a lesser percentage of the budgeted operating costs for fiscal year 1963. The effect of the maintenance fees would not commence for 5 years and would not become complete for 13 years; and the trademark affidavit fee would not come into the picture for 5 years. Without these items the return from the bill would be approximately $17.7 million or 63.6 percent of present operating costs. However, when all the fees are in full effect, the anticipated revenue would be $20,579,000, which amounts to approximately 74 percent of the budget for fiscal year 1963 which has been submitted to the Congress.

The patent filing fee at the present time accounts for approximately 32 percent of Patent Office income. The final fee accounts for approximately 18 percent, patent copy sales account for 20 percent, and trademark filing fee accounts for 8 percent. Hence, it can be seen that the two most important fees in terms of the income produced are the filing and final fees for patents.

Breaking down the operating costs of the Patent Office between the functions of patent examination and adjudication, trademark examination and adjudication, and administration and program services, the patent examination and adjudication function accounts for approximately 77.1 percent of Patent Office operating costs, the trademark examination and adjudication function for approximately 4.1 percent, and the miscellaneous costs under administration and program services for approximately 18.8 percent.

Breaking the patent examination and adjudication function down further, examining and classification account for approximately 59.4 percent of the total Patent Office costs, with 17.7 percent accounted for by the cost of printing and publishing, and the costs of the Board of Appeals, the Board of Patent Interferences, and research and development activities.

The following table submitted by the Patent Office compares estimated fee income under present law and under S. 2225, as amended:

TABLE 1.—*Fee income comparison (present and revised bill)*

[Dollars in thousands]

Description (section and item of revised bill)	Present fee	Estimated income, fiscal year 1962	Proposed fee, revised bill	Estimated income, 1962 basis	Change from present fee income
Patent filing, original patent (sec. 1, item 1)	$30 $1 each claim over 20	$2,440 46	$50 $2 each claim over 10 $10 each independent claim over 1	$4,150 332 1,660	
Total		2,486		6,142	+$3,656
Patent issue, original patent (sec. 1, item 2, part)	$30 $1 each claim over 20	1,510 10	$75 $10 each page of specifications as printed. $2 each sheet of drawing	3,510 1,685 187	
Total		1,520		5,382	+3,862
Patent issue, reissue patent (sec. 1, item 2, part)	None		$75 $10 each page of specifications as printed. $2 each sheet of drawing	15 7 1	
Total				23	+23
Design filing (sec. 1, item 3a)	$10 for 3½ years $15 for 7 years $30 for 14 years	21 6 75	$20	100	
Total		102		100	−2
Design issue (sec. 1, item 3b)	None		$10 for 3½ years $20 for 7 years $30 for 14 years	1 6 77	
Total				84	+84
Patent filing, reissue patent (sec. 1, item 4)	$30 $1 each excess claim over 20	6 (1)	$50 $2 each excess claim over 10 $10 each excess independent claim	10 (1) 3	
Total		6		13	+7
Patent disclaimer (sec. 1, item 5)	$10	1	$15	1	(1)
Patent appeal (sec. 1, item 6)	$25	250	$100 with oral hearing $50 without oral hearing $25 if withdrawn	300 50 150	
Total		250		500	+250

Patent petition to revive (sec. 1, item 7, part)	$10	7	$15	11	+4
Patent petition for delay of issue fee (sec. 1, item 7, part)	$10	2	$15	3	+1
Patent certificate, sec. 255 or 256 (sec. 1, item 8)	$10	4	$15	6	+2
Patent copies (sec. 1, item 9)	25 cents except designs	1,504	25 cents, except designs	1,520	
	10 cents for designs	5	10 cents for designs	5	
	$50 annual for libraries	1	$50 annual for libraries	1	
			$1 for large ones and plant patents in color.	15	
Total		1,510		1,550	+40
Recording patent assignments (sec. 1, item 10)	$3 for 6 pages	180	$20 each item	1,600	
	$1 each 2 pages over 6	1			
	50 cents each extra item	10			
Total		191		1,600	+1,409
Trademark filing (sec. 3, item 1)	$25	588	$35	823	+235
Trademark affidavit (sec. 3, item 3)	None		$10	150	+150
Trademark petition to revive (sec. 3, item 4)	None		$15	2	+2
New trademark certificate (sec. 3, item 7)	$10	2	$15	3	+1
Trademark certificate of correction or amendment (sec. 3, item 8).	$10	2	$15	3	+1
Trademark disclaimer (sec. 3, item 10)	$10	(1)	$15	(1)	(1)
Recording trademark assignments (sec. 3, item 12)	$3 for 6 pages	10	$20 each item	264	
	$1 each 2 pages over 6	(1)			
	50 cents each extra item	5			
Total		15		264	+249
Patent maintenance (sec. 8)	None		$50 1st fee, prior to end of 5th year	1,124	
			$100 2d fee, prior to end of 9th year	1,064	
			$150 3d fee, prior to end of 13th year	685	
			$25 for delayed payment of a maintenance fee.	4	
Total				2,877	+2,877
Other fees not changed		1,014		1,051	+37
Total		7,700		20,588	+12,888

1 Less than $500.

NOTES

1. Estimated income includes amounts applicable to other Government agencies under sec. 2 ($293,000).

2. Estimated amounts for trademark affidavits and patent maintenance are included to show the resulting income if all the provisions were in full operation during 1962. However, fees for these items would not be effective immediately to bring in receipts.

3. Major volume assumptions for revised bill fees (1962 basis)—patent filing, original patent: 83,000 applications with average of 2 claims over 10 and 2 independent claims over 1 (average combined fee, $64). Patent issue, original patent: 52,000 patents, less 10 percent forfeitures, with average of 3.6 pages of specifications and 2 sheets of drawings (average combined fee, $80). Design filing: 5,000 design applications. Design issue: 3,000 design patents, 5 percent for 3½ years, 10 percent for 7 years, 85 percent for 14 years. Patent appeals: 10,000 appeals, 30 percent considered with oral hearing, 10 percent considered without oral hearing, 60 percent withdrawn. Recording patent assignments: 80,000 items (patent, application, or any other paper) involved in 60,000 writings. Trademark filing: 23,500 applications. Trademark affidavit: 15,000 affidavits. Recording trademark assignments: 13,200 items (trademark registration or any other paper) involved in 3,300 writings. Patent maintenance: 1st fee, 22,470 patents (50 percent of 1957 issuances of 44,939); 2d fee, 10,643 patents (25 percent of 1953 issuances of 42,571); 3d fee, 4,567 patents (15 percent of 1949 issuances of 30,446).

IMPROVEMENTS IN PATENT OFFICE PRACTICE

In addition to increasing the fees received by the Patent Office, another principal objective of this bill is to secure improvement in Patent Office practice and the functioning of the patent system. The bill seeks to accomplish these objectives by the following provisions:

1. Item 2 of Section 1 of the bill provides for a charge of $2 for each sheet of drawing and $10 for each printed page of specification. The purpose of this provision is to establish a relationship between the size of the application and the amount of the issue fee. Lengthy and complex patent applications are considerably more expensive to examine and contribute disproportionately to the backlog in the Patent Office. It has been established that those divisions of the Patent Office that are concerned principally with the more complex subject matter have average disposal rates substantially below those divisions that handle less complex applications. The committee is of the view that the extra costs involved in processing lengthy and complex applications should be substantially borne by those who file such applications rather than by other patentees or the taxpayers.

2. Item 1 of section 1 of the bill provides for a charge of $10 for each independent claim in excess of 1 and a charge of $2 for each claim, independent or dependent, in excess of 10. The purpose of this provision is to discourage excessive permutations and combinations of claims and to encourage the dependent form of claim. The Commissioner of Patents has informed the committee that even in the case of simple patents, the time saved in analysing the differences between claims is approximately 2 to 1 in favor of the dependent form of claim.

This bill does not prevent an applicant from using independent claims. It merely provides that if an applicant or his attorney decides that independent claims would better serve the invention then additional fees should be charged to compensate the Patent Office for the undisputed additional costs involved in the examination of such applications. The reduction in the number of claims and the encouragement of the use of claims in dependent form will not only be of advantage to the Patent Office and to the public but will assist the courts in their consideration of those claims which become involved in litigation.

3. Item 6 of section 1 of the bill provides for an appeal fee of $100, $50 of which would be refunded if an oral hearing is not requested prior to consideration by the Board of Appeals. If the appeal is withdrawn prior to any substantive consideration by the Board then the cost to the appellant would be only $25, the rest of the appeal fee being refunded to him. The committee has been informed that the Board of Appeals receives for its consideration 4,000 cases each year and has a very high backlog. Another 6,000 appeals are filed annually, but withdrawn before consideration by the Board. The work of the Board of Appeals has been impeded due to the fact that many oral hearings are requested and then not attended. The purpose of the appeal fee provided in this bill is to encourage timely withdrawals of appeals, and to encourage parties to waive oral hearings when they are not necessary and/or there is no intent to be heard.

4. The bill also seeks to improve the patent system by the provisions in section 4 introducing a new approach to the payment of the issue fee.

5. Finally, the introduction of maintenance fees will serve a useful purpose in reducing the number of unexpired patents that are never used. It is estimated by the Patent Office that only 50 percent of the patents will continue in force after 5 years, 25 percent after 9 years, and 15 percent after 13 years from the issue date of the patent. This reduction in the number of unexpired patents will facilitate the conduct of infringement searches.

SUMMARY OF COMMITTEE'S CONCLUSIONS

1. A fundamental question considered by the committee in connection with this bill is the extent to which special beneficiaries of Government programs should bear the costs of operations attributable to these special services. The Congress has had occasion to express itself on this subject previously. Title 5 of the Independent Offices Appropriation Act of 1952 established as an objective that services rendered to special beneficiaries by Federal agencies should be self-sustaining to the fullest extent possible.

The present bill provides that when all fees are fully effective, the Patent Office would recover approximately 74 percent of their costs. The committee, therefore, was not required to decide whether the Patent Office should be fully self-supporting. It is the view of the committee that the fee schedule contained in this bill provides for a reasonable percentage of Patent Office costs to be borne by those directly benefiting from Patent Office services. As the U.S. Chamber of Commerce indicated in its statement to the Subcommittee on Patents, Trademarks, and Copyrights, "Under existing rates the general public is subsidizing the specific beneficiaries of the patent system."

2. The committee is of the view that the increases in fees provided for in this bill will not deter the inventive genius of the American people or reduce the filing of patent applications. If one were to consider only the decreased purchasing power of the dollar, the filing and final fees which were established at $60 in 1932 would have to be increased to $131 to merely produce income of comparable purchasing power in 1962. The testimony before the Subcommittee on Patents, Trademarks, and Copyrights indicated some concern that an increase in fees would discourage the filing of patent applications. In view of the fact that all other expenses involved in securing a patent, most notably legal fees, have considerably increased since 1932 without any reduction in the number of applications filed, the committee does not agree that the adjustment of patent fees provided in this bill will discourage invention. In fact, the experience in European countries which have increased fees, indicates that this does not have a significant effect on the number of patent applications filed.

3. The committee is of the view that the maintenance fees provided for in this bill represents an equitable method of meeting essential expenses of the Patent Office. The theory of these fees is that beneficiaries of issued patents should bear part of the burden of the Patent Office and the patent system which made these benefits possible.

The bill provides that if the inventor has not received income from the patent equal to the fee due, the payment of the first and second maintenance fees may be deferred.

4. The committee has given particular consideration to the question of whether Government departments and agencies should pay fees, and if such fees are to be required, whether they should be at a reduced rate. While there is some sentiment favorable to giving special consideration to Government departments and agencies, it is the view of the committee that the Government should pay the same fees as private patentees. To permit Government departments to pay lower fees would, to an extent, defeat the objectives of having patent costs included in the budgets of the departments involved rather than borne by the Patent Office. As the Bureau of the Budget indicated in a letter to Senator John L. McClellan, chairman of the Subcommittee on Patents, Trademarks, and Copyrights,

> We are similarly concerned that services which are provided for Federal agencies as a result of their requests will be shown as actual costs of the operation of those agencies. It is our belief that the budget requests of the individual agencies, as presented to the Congress in the executive budget, should in fact present the complete picture of the fiscal plan of that agency.

The applications filed by Government departments and agencies consume examining time and require patent services just as those filed by individuals and corporations. The Patent Office has to pay the Government Printing Office very substantial sums each year (approximately $3 million in 1961) for printing material connected with patent matters. If other Government departments know that they have to pay for services, it will exercise some restraint upon them in requesting these services.

INDIVIDUAL VIEWS OF SENATOR ESTES KEFAUVER

I believe that there is justification for some revision of fees for the filing of patent applications and the issuance of patents. As I understand it, S. 2225, as reported by the Judiciary Committee, would increase the filing fee from the present figure of $30 to $50 and the issuance fee from $30 to $75. It is difficult to determine with any degree of certainty the effect of these increases on small patent applicants. For that reason I am not objecting to the higher fees contained in the reported bill, although fees of $40 and $50, respectively, might be more reasonable in the case of small inventors.

I am opposed to the requirement that other governmental agencies should pay the regular patent fees to the Patent Office for patents issued to them. According to the majority report, the Patent Office would receive approximately $300,000 based on the current volume of business with Government agencies; but this does not take account of the bookkeeping expenses that would be involved for the various parties. As the Comptroller General of the United States so ably pointed out in his letter of July 15, 1953, when the same problem arose, such payments would constitute "merely a transfer of funds from one pocket to another, and do not result in the net recovery of any costs to the Government." This "economic waste of Federal funds," as he put it, has been severely criticized in other parts of the Government, and should not be instituted here.

But my major opposition to this provision is more fundamental. In recent years funds for Government-sponsored research have greatly increased, and in the years to come they will increase still further. In the interest of the public, who are paying for this research, it is important that every avenue be kept open for the retention of patent rights in the Government. Unless patents resulting from this research are lodged in the Government agencies involved, they will become the property of the private corporations hired to do the work or, if the research is conducted by the Government, the property of corportations active in the particular industrial field. This development has already occurred to an alarming extent and, according to some experts recently appearing before the Joint Economic Committee, is a major factor in the increasing trend in this country toward concentration and monopoly. More and more access to new technologies is the key to industrial survival; it is imperative that the research developments, financed by the general public, should not be made the instrument of private monopoly. The problem is particularly acute because Government agencies lack budgetary allotments for the processing of patents on Government-financed research. The effect of the proposed fee system may be to curtail substantially the filing of patent applications by Government agencies.

I have grave doubts as to the wisdom of requiring maintenance fees as provided in the reported bill. The bill, as I understand it, provides for the payment of a maintenance fee of $50, payable upon the 5th anniversary of the issue date of the patent, $100 payable on

the 9th anniversary, and $150 payable on the 13th anniversary, or a total of $300. However, the bill provides that the 1st and 2d maintenance fees may be postponed until the $300 maintenance fee is due on the 13th anniversary in case the patentee has not received income from the patent equal to or greater than the amount of the fee due on the 5th and 9th anniversaries of the patent. It is my feeling that the bill would be more favorable to small inventors if it had provided two anniversary dates upon which maintenance fees would be due. I would prefer, if maintenance fees are to be included, that a maintenance fee of $100 be made payable after the 1st 7 years and $150 after the 14th year, with the provision that the $100 fee could be postponed until the end of the 14th year if the patentee had not received that amount as income from the patent during the 1st 7 years of the life of the patent.

My doubts with respect to maintenance fees are based upon the burden which may be created on a small inventor who has a number of patents. This would be particularly true since many of the significant inventions of individual inventors occur long in advance of their adaptation to commercial use. The effect of maintenance fees, if burdensome, may result in the release of the invention by the small patentee because of his inability to pay the maintenance fees.

ESTES KEFAUVER.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no changes is proposed is shown in roman):

TITLE 35, UNITED STATES CODE

* * * * * * *

SEC. 41. Patent fees.

(a) The Commissioner shall charge the following fees:

1. On filing each application for an original patent, except in design cases, [$30, and $1 for each claim in excess of twenty] *$50; in addition, on filing or on presentation at any other time, $10 for each claim in independent form which is in excess of one, and $2 for each claim (whether independent or dependent) which is in excess of ten.*

2. [On] *For* issuing each original *or reissue* patent, except in design cases, [$30, and $1 for each claim in excess of twenty] *$75; in addition, $10 for each page (or portion thereof) of specification as printed, and $2 for each sheet of drawing.*

3. In design cases:

a. On filing each design application, $20.

b. On issuing each design patent: For three years and six months, $10; for seven years, [$15] *$20;* and for fourteen years, $30.

4. On [every] *filing each* application for the reissue of a patent, [$30 and $1 for each claim in excess of twenty over and above the number of claims of the original patent] *$50; in addition, on filing or on presentation at any other time, $10 for each claim in independent form which is in excess of the number of independent claims of the original patent, and $2 for each claim (whether independent or dependent) which is in excess of ten and also in excess of the number of claims of the original patent.*

5. On filing each disclaimer, [$10] *$15.*

6. On an appeal for the first time from the examiner to the Board of Appeals, [$25.] *$100 If an oral hearing is not requested prior to any consideration by the Board, $50 of the $100 fee will be refunded; or, alternatively, if the appeal is withdrawn prior to any consideration by the Board, all of the fee over $25 will be refunded.*

7. On filing each petition for the revival of an abandoned application for a patent or for the delayed payment of the fee for issuing each patent, $10] *$15.*

8. For certificate [of correction of applicant's mistake] under section 255 *or under section 256* of this title, [$10] *$15.*

9. *As available and if in print:* For uncertified printed copies of specifications and drawings of patents (except design patents), 25 cents per copy; for design patents, 10 cents per copy; *the Commissioner may establish a charge not to exceed $1 per copy for patents in excess of*

twenty-five pages of drawings and specifications and for plant patents printed in color; special rates for libraries specified in section 13 of this title, $50 for patents issued in one year.

10. For recording [every] *each* assignment [, agreement, or other paper not exceeding six pages, $3; for each additional two pages or less, $1; for each additional patent or application included in one writing, where more than one is so included, 50 cents additional.] *of an application or a patent, $20; for recording any other paper, $20.*

11. For each certificate, $1.

12. *For maintaining a patent (other than for a design) in force*

a. beyond the fifth anniversary of the issue date of the patent, $50;

b. beyond the ninth anniversary of the issue date of the patent, $100; and

c. beyond the thirteenth anniversary of the issue date of patent, $150.

13. For delayed payment of a maintenance fee, $25.

(b) The Commissioner may establish charges for copies of records, publications, or services furnished by the Patent Office, not specified above.

(c) The fees prescribed by or under this section shall apply to any other Government department or agency, or officer thereof, except that the Commissioner may waive the payment of any fee for services or materials in cases of occasional or incidental requests by a Government department or agency, or officer thereof.

ANALYSIS OF CHAPTER 14 OF TITLE 35, UNITED STATES CODE, IMMEDIATELY PRECEDING SECTION 151

Sec.
151. Issue of patent.
152. Issue of patent to assignee.
153. How issued.
154. Contents and term of patent.
155. Maintenance fees.

§ 151. *Issue of patent* [Time of issue of patent.]

[The patent shall issue within three months from the date of the payment of the final fee, which shall be paid not later than six months after written notice to the applicant of allowance of the application, but the Commissioner may accept the final fee if paid within one year after the six month period for payment, and the patent shall issue.]

If it appears that applicant is entitled to a patent under the law, a written notice of allowance of the application shall be given or mailed to the applicant, and the Commissioner shall thereafter issue the patent.

The issue fee, as specified in item 2 of section 41(a) of this title, shall be paid within three months after the date of the issue of the patent. However, at the time of giving notice of allowance, the Commissioner may require a sum, constituting a portion of the issue fee, to be paid within three months after the date of the notice of allowance. If payment of this sum is not timely made, the application shall be regarded as abandoned.

If the issue fee is not fully paid within three months after the date of the issue of the patent, the patent shall lapse as of the date the issue fee was due.

If any payment called for herein is not timely submitted, but is submitted with the fee for delayed payment within three months after the due

date and sufficient cause is shown for the late payment, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred.

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Sec. 154. Contents and term of patent

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, *subject to the payment of issue and maintenance fees as provided for in this title,* of the right to exclude others from making, using, or selling the information throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

§ 155. Maintenance fees

(a) During the term of a patent, other than for a design, the following fees shall be due:

(1) a first maintenance fee on or before the fifth anniversary of the issue date of the patent;

(2) a second maintenance fee on or before the ninth anniversary of the issue date of the patent; and

(3) a third maintenance fee on or before the thirteenth anniversary of the issue date of the patent.

In the case of a reissue patent the times specified herein shall run from the date of the original patent.

(b) A grace period of six months will be allowed in which to pay any maintenance fee, provided it is accompanied by the fee prescribed for delayed payment.

(c) The first and second maintenance fees may be deferred in accordance with subsection (f) of this section.

(d) A patent will terminate on the due date for any maintenance fee unless, as provided for in this section, the fee due (including any fees previously deferred) is paid or a statement in accordance with subsection (f) of this section requesting deferment is filed. Such termination or lapsing shall be without prejudice to rights existing under any other patent.

(e) Notice of the requirement for the payment of the maintenance fees and the filing of statements in compliance with this section shall be attached to or be embodied in the patent. Approximately thirty days before a maintenance fee is due, the Commissioner shall send a separate notice thereof to the patentee and all other parties having an interest of record at the addresses last furnished to the Patent Office. Irrespective of any other provision of this section, a maintenance fee may be paid within thirty days after the date of such separate notice.

(f) Any inventor to whom a patent issued (or his heirs) and who owns the patent may within six months of the fifth anniversary of the issue date of the patent (by a statement under oath) request deferment of the first maintenance fee if the total benefit received by the inventor or any other party having or having had any interest in the subject matter of the patent, from, under, or by virtue of the patent or from the manufacture, use, or sale of the invention, was less in value than the amount of the fee, and the statement so specifies. The fee shall thereupon be deferred until the time the second maintenance fee is due and shall be paid in addition to the second maintenance fee.

"Any inventor to whom a patent issued (or his heirs) and who owns the patent may within six months of the ninth anniversary of the issue date of the patent (by a statement under oath) request deferment of the second maintenance fee (and further deferment of the first maintenance fee if such fee has been deferred) if the total benefit received by the inventor or any other party having or having had any interest in the subject matter of the patent during the preceding four years, from, under, or by virtue of the patent or from the manufacture, use, or sale of the invention, was less in value than the amount of the second fee, and the statement so specifies. the second fee, or the first and second fees, as the case may be, shall thereupon be deferred until the time the third maintenance fee is due and shall be paid in addition to the third maintenance fee and with the same result if not paid. No deferment of any of the fees beyond the thirteenth anniversary of the issue date of the patent shall be permitted and the patent will terminate at the end of the thirteenth anniversary of the issue date unless all maintenance fees are paid in accordance with the provisions of this section.

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ACT OF JULY 5, 1946 (CH. 540, 60 STAT. 427; 15 U.S.C. SEC. 1113) AS AMENDED

Sec. 31. Fees and charges

(*a*) The following fees shall be paid to the Patent Office under this Act:

1. On filing each original application for registration of a mark in each class [on either the principal or the supplemental register, $25;] *$35.*

2. On filing each application for renewal in each class, $25; and on filing each application for renewal in each class after expiration of the registration, an additional fee of $5 [;].

3. On filing an affidavit under section 8(a) or section 8(b), $10. [on filing notice of claim of benefits of this Act for a mark to be published under section 12(c) hereof, $10;]

4. On filing each petition for the revival of an abandoned application, $15. [;]

5. On filing notice of opposition or application for cancellation, $25. [;]

6. On appeal from an examiner in charge of the registration of marks *to the Trademark Trial and Appeal Board,* $25. [;]

7. For issuance of a new certificate of registration following change of ownership of a mark or correction of a registrant's mistake, [$10;] *$15.*

8. For certificate of correction of registrant's mistake *or amendment after registration,* [10;] *$15.*

9. [for manuscript copies, for every one hundred words or fraction thereof, 10 cents; for comparing other copies, 5 cents for every one hundred words or fraction thereof;] For certifying in any case, [additional,] $1. [; for each additional registration or application which may be included under a single certificate, 50 cents additional;]

10. For filing *each* disclaimer[, amendment, surrender, or cancellation] after registration, [$10;] *$15.*

[For abstracts of title: For the search, one hour or less, and certificate, $3; each additional hour or fraction thereof, $1.50; for each brief from the digest of assignments of two hundred words or less, $1.]

[For certificate that trademark has not been registered—search and certificate (for deposit in foreign countries only), $3.]

[For title reports required for office use, $1.]

[For a single printed copy of statement and drawing, 10 cents; if certified, for the grant, additional, $1; for the certificate, $1; if renewed, for copy of certificate of renewal, additional, $1.]

[For photographic copies of records and drawings, the reasonable cost of making them.]

11. For printed copy of registered mark, 10 cents.

12. for recording [every] *each* assignment *of a registration, $20; for recording any other paper, $20.* [or other paper not exceeding six pages, $3; for each additional two pages or less, $1; for each additional registration or application included, or involved in one writing where more than one is so included or involved, additional, 50 cents.]

13. On filing notice of claim of benefit of this Act for a mark to be published under section 12(c) hereof, $10 [;].

(b) The Commissioner may establish charges for copies of records, publications, or services furnished by the Patent Office, not specified above.

(c) The Commissioner [shall] *may* refund [fees] *any sum* paid by mistake or in excess.

ANALYSIS OF CHAPTER 27 OF TITLE 35, UNITED STATES CODE, IMMEDIATELY PRECEDING SECTION 266

Sec.

[266. Issue of patents without fees to Government employees.]

267. Time for taking action in Government applications.

[§ 266. Issue of patents without fees to Government employees

The Commissioner may grant, subject to the provisions of this title, to any officer, enlisted man, or employee of the Government, except officers and employees of the Patent Office, a patent without the payment of fees, when the head of a department or agency certifies the invention is used or likely to be used in the public interest and the applicant in his application states that the invention described therein, if patented, may be manufactured and used by or for the Government for governmental purposes without the payment to him of any royalty thereon, which stipulation shall be included in the patent.]

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