

A Guide to Entity Status for U.S. Patent Filings

As U.S. Patent Office fees continue to increase (some over 50% in 2013), it becomes even more critical to understand entity status in patent filings. For those with the familiar small entity status, most fees are reduced by 50%. Now, the America Invents Act (AIA) adds a new status—Micro Entity status—which offers a fee reduction of 75%. To determine whether an applicant qualifies for small or micro entity status, one begins by assessing the qualifications of small entity status, which are common to both groups.

Small Entity Status

There are three types of applicants qualifying for small entity status: a person, a small business concern, or a non-profit organization. A person consists of any inventor or individual who has rights in the invention. A small business concern is any business with no more than 500 employees and affiliates. Finally, a non-profit organization includes an institute of higher education in the U.S., a Section 501(C)(3) or state statute equivalent tax-exempt organization, or a foreign organization that would meet these requirements if located in the U.S.

The limitations are common to all three types of small entities. Effec-

tively, each requires that the patent rights have not been (and are not obligated to be) assigned, granted, conveyed or licensed to an entity that does *not* meet the small entity status requirements. One exception is licensing to the U.S. Government, which does not invalidate the small entity status.

Micro Entity Status

Following the AIA, there are two types of micro entity applicants: individual applicants, and applicants working for institutes of higher education.

Beginning with the individual applicant, there are three basic requirements. First, the applicant must qualify for small entity status. Next, neither the applicant, nor any inventor named in the application, may be named in more than four previous non-provisional U.S. patents. In addition, neither the applicant nor any inventor named in the application may have earned more than three times the U.S. median household income in the year prior to the application. As of 2013, this cap would be set at approximately \$150,000.

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Andrus Included on IAM's List of Top Firms Securing Quality Patents - For the second year in a row, Andrus was included in *Intellectual Asset Management's (IAM's)* list of the top 10 law firms securing quality patents for their clients in the industrials field. The list was included in the May/June 2013 edition of *IAM Magazine* and was compiled using the Ocean Tomo Ratings system, which calculates the probability that a patent will be maintained for the full statutory term.

Andrus Included on IAM Patent 1000 List - Andrus was also included in the guide entitled [IAM Patent 1000 - The World's Leading Patent Practitioners 2013](#). The *IAM Patent 1000* is a standalone publication that identifies individual and firm expertise in all major areas of patent law and practice. Through an extensive research process by a team of highly qualified analysts, the publication identifies the top patent practitioners and law firms in 40 of the world's most important jurisdictions and 17 U.S. states. In addition to firm-wide recognition, Joseph Kuborn, Aaron Olejniczak and Michael Taken were featured individually, based on positive feedback from clients and associates.

Court of Appeals Finds for Client Douglas Dynamics - On May 21, 2013, the U.S. Court of Appeals for the Federal Circuit issued an [order](#) in favor of Andrus' client Douglas Dynamics, LLC ("Douglas"). The order directed the District Court for the Western District of Wisconsin to "enter summary judgment of infringement in favor of Douglas" and reversed the district court's denial of a permanent injunction against infringer Buyers Products Company ("Buyers").

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Entity Status Fee Comparison			
	Standard Fee	Small Entity	Micro Entity
Filing Fee (Utility)	\$280	\$140	\$70
Maintenance Fee - 3.5 years	\$1,600	\$800	\$400
Maintenance Fee - 7.5 years	\$3,600	\$1,800	\$900
Maintenance Fee - 11.5 years	\$7,400	\$3,700	\$1,850

As always, improperly representing qualifications constitutes fraud and jeopardizes the patent. However, the applicant also has the responsibility to proactively notify the USPTO if status eligibility is lost. This must occur before any subsequent fees are paid so the payment reflects the current entity status accordingly.

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The limitations for micro entity status are similar to small entity status. These require that the patent rights have not been (and are not obligated to be) assigned, granted, conveyed to an entity that does *not* meet the three times median household income cap.

Applicants working for institutes of higher education constitute the second type of micro entity, which has two separate requirements. Like individual applicants, this applicant must first meet the small entity status qualifications. In addition, the applicant must be employed by, and earn the majority of their income from, this institute of higher education. Furthermore, the patent rights *must* have been (or are obligated to be) assigned, granted, or conveyed to this institute of higher education.

More Than Meeting the Requirements

There is more to attaining the benefits of small or micro entity status than simply meeting these prerequisites. First, the status must be asserted up front, before the application fee has been paid. Once certified, the status remains in effect unless the applicant notifies the USPTO of changes to its status. This is generally done in writing, but can also be done by simply paying the exact amount of the appropriate discounted small or micro entity fee. Although assertion is only required once over the life of a patent, this process must be repeated for any subsequent applications, such as continuations.

Coincident with the AIA, the USPTO increased filing rates for most fees over the life of a patent. However, this new micro entity status offers substantial savings—75% off most fees—for individual inventors and academic researchers. Like small entity status, micro entity status is intended to make patents more attainable, but requires careful scrutiny of the applicant's qualification and proactive notification of changes in eligibility.

If you have questions regarding entity status or expected U.S. patent fees, please do not hesitate to contact us.

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The original suit involved infringement of three Douglas patents related to snowplows. The Andrus litigation team, including attorneys Aaron Olejniczak, George Solveson, and Ed Williams, secured a jury verdict of infringement and validity of two of the three patents in 2010.

Douglas subsequently appealed the summary judgment finding of non-infringement on the third patent, arguing erroneous claim construction and also appealed the decision denying an injunction against Buyers for infringing the first two patents.

The case is being remanded to enter a permanent injunction against Buyers and to calculate damages owed to Douglas.