

Small Entity Status

In the USA and Canada, reduced official fees are payable for patent applications and patents if all parties holding rights in the invention qualify for small entity status. However, for practical reasons, the system is not used in Canada.

USA

If small entity status is asserted in a patent application or patent, the official fees (including the filing fees, issue fee and maintenance fees) are reduced by 50%.

However, an assertion of entitlement to small entity status should only be made following a complete and thorough investigation of all facts and circumstances.

Small entity status may be asserted only if all parties holding rights in the invention qualify for small entity status (i.e. are "small entities").

Furthermore, all parties holding rights in the invention must not have assigned, granted, conveyed or licensed, and must not be under obligation under contract or law to assign, grant, convey or licence, any rights in the invention to any person, concern or organisation which would not qualify for small entity status (i.e. to "large entities").

The rules which determine whether or not a particular entity is a "small entity" are very complex. However, in general, the following are "small entities":

1. An individual (e.g. an inventor, an individual to whom an inventor has transferred some rights in the invention);
2. A small business concern, as defined by complex rules which depend upon, for example, the type of business, the number of employees and/or its annual receipts. In many cases, this includes a business which employs fewer than 500 employees and which is not part of a "group" of companies which employs more than 500 employees in total. A "group" of companies includes any parent company, subsidiary, any subsidiary of a parent company, etc.;
3. A non-profit organisation, as defined by complex rules (e.g. certain universities, foundations, charities etc.).

Small entity status in a patent application or patent can be established at any time by a simple written assertion of entitlement to small entity status. Specific forms are no longer required. The written assertion can be made by a US attorney or agent on your behalf.

Once small entity status has been established for a patent application or patent, reduced fees may be paid whether or not there is a subsequent change in entitlement to small entity status.

However, entitlement to small entity status must be reviewed when paying the issue (grant) fee and any maintenance (renewal) fees.

Important

The payment of small entity status fees when not entitled to do so may make the patent application or patent invalid or unenforceable.

Therefore, if you have asserted small entity status for a patent application or patent, and subsequently the patent or patent application is no longer entitled to small entity status (e.g. because it has been licensed or assigned to a large entity), then we must be told. Failure to do so could invalidate your patent application or patent.

Small entity status in Canada

Small entity status is theoretically available in Canada, although the criteria which apply there are different to those in the USA.

Unfortunately we cannot recommend use of the small entity provisions in Canada. This is because Canadian patents that are issued on applications where small entity status was incorrectly claimed may be considered invalid. Although in the past Canadian practice permitted correction and back-payment of underpaid fees where it was later discovered that small entity status was claimed in error, this practice has been discontinued. Correction is no longer possible.

Based on this advice, and because the savings made by paying fees at the small entity rate are relatively small, we have decided that we will not have fees paid at the small entity rate in Canada.

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