



Intellectual
Property
Office

Proposed changes to statutory patent fees: Government response





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Executive summary

This document is the Government's response to the consultation on [proposed changes to statutory patent fees](#). It summarises the responses received, and outlines the Government's next steps.

A total of 23 responses were received, including responses from representative organisations, patent attorneys, businesses, and individuals. A list of respondents is provided in Annex A.

Respondents were generally supportive of the proposed increases to the fees for application, search and substantive examination. The Government therefore intends to proceed with the increases set out in proposals 1 and 2 of the consultation document. However there was a lack of support for the excess claims and pages fees set out in proposals 3 and 4. The Government therefore intends to adjust these proposals quite significantly, as set out below, in response to the concerns raised.

Many respondents were also content with the proposal to make small increases to post-grant renewal fees in conjunction with smaller increases to pre-grant fees than those set out in proposals 1 to 4 (the "alternative proposal"). The more modest excess claims and pages fees will therefore be accompanied by a small increase to post-grant renewal fees, but only from year 12 onwards.

Further details of the Government's plans are set out below.

It will be necessary to amend the Patents (Fees) Rules 2007 and the Patents Rules 2007 in order to make these changes. Subject to the statutory instrument being made and laid before Parliament in the autumn, we envisage making these changes on the common commencement date of 6 April 2018.

The Government would like to thank all those that responded to the consultation.



Background

The Government published a consultation on 13 April 2017, seeking views on proposed changes to the fees charged in relation to UK patent applications and patents. The fee changes proposed in the consultation document are intended to help ensure a smoother functioning of the UK patent system and to meet the following objectives:

- Maintain an internationally-competitive fee structure, based on modern, high-quality and efficient services for the customer
- Achieve a modest shift towards prompt cost recovery, whilst continuing to meet the bulk of the IPO costs of granting a patent from renewal fees rather than at the time the work is carried out
- Maintain a sustainable income stream on reasonable assumptions to finance the IPO's future activities
- Encourage good filing practice by applicants

The consultation document set out four proposals in relation to pre-grant patent application fees. It also set out an alternative proposal of more modest pre-grant fee increases combined with small increases in post-grant renewal fees.

The four proposals relating to pre-grant fees can be summarised as:

1. Increase to the application fee, and introduction of a 25% surcharge if it is not paid at the time of filing
2. Increase to the fees for search and substantive examination
3. Introduction of an excess claims fee
4. Introduction of an excess pages fee

The consultation period ended on 6 June 2017.

Summary of responses

The Government received 23 responses to the consultation, including responses from representative organisations, patent attorneys, businesses, and individuals. A list of respondents is provided in Annex A.

A summary of the responses received in relation to each of the proposals can be found below. Some respondents did not comment on all of the proposals, and so the summaries below reflect the comments of those who commented.

Full details of each proposal can be found in the [consultation document](#).

Proposal 1

Introduce the following changes to the basic application fee:

- *Increase the fee for paper applications from £30 to £90 when the application fee is paid at the time the application is filed*
- *Increase the fee for e-filed patent applications from £20 to £60 when the application fee is paid at the time the application is filed*
- *Introduce a 25% surcharge on the application fee if the fee is not paid at the time of filing*

(See also proposal 4 regarding excess pages)

Respondents generally supported this proposal, with some describing the proposed fee increases as “acceptable”, “reasonable”, or “modest”. One respondent noted that UK statutory patent fees are relatively low compared to most other jurisdictions around the world, and consequently felt that the proposed increases seem generally reasonable - particularly in view of the commitment to undergo a major investment programme both in electronic services and increased examination capacity. Another commented “We believe that the sums involved maintain the UK at the forefront of cost-effective, quality patenting”.

However most respondents noted this proposal is unlikely to particularly affect filing behaviour. In particular, some respondents commented that it is unlikely to have any impact on speculative or poor-quality applications, and will have no impact whatsoever in relation to those applications on which no fees are paid.

Four respondents suggested shortening the period for payment of the application fee, instead of introducing a 25% surcharge for paying it after filing. They suggested the period for paying the application fee could be aligned with other patent offices. (For example the European Patent Office and World Intellectual Property Organization allow the application fee to be paid up to one month after filing, and the German patent and trademark office (DPMA) allow it to be paid up to three months after filing). The consequence of the application being treated as withdrawn if the fee is not paid within the period acts as a strong incentive to pay the fee.

In light of the generally supportive response, the Government plans to proceed with this proposal as set out above. We do not at the current time propose making any change to the period for paying the application fee, which is aligned with the period for filing claims and requesting a search. However we will note for future consideration the possibility of shortening this period in the manner suggested by some respondents.

Proposal 2

Introduce the following changes to the basic fees for search and substantive examination:

- *Increase the fee for requesting a search to £150 for requests filed electronically and to £180 for requests filed on paper*
- *Increase the fee for search of an international application (UK) to £120 when requested electronically and to £150 for requests filed on paper*
- *Increase the fee for requesting a substantive examination to £100 for those requests filed electronically and to £130 for requests filed on paper*

(See also proposal 3 regarding excess claims)

Respondents generally supported this proposal. The proposed increases were described as “modest compared to international levels”, “acceptable provided that improvements to the quality and rigour of search and examination are prioritised” and to “still represent good value”. Again, the majority noted that the fee increases are unlikely to have a significant effect on applicant behaviour, with one respondent describing the fees as remaining “highly attractive to users”.

A number of respondents indicated they would expect to see improvements to the quality and rigour of search and examination prioritised (especially search) as a result of the fee increases.

Four respondents indicated that the fees could be increased further, although two of those respondents qualified this by saying that the increases (whether as proposed or larger increases) should be used to improve the quality and rigour of search and examination.

In light of the generally positive response, the Government plans to proceed with this proposal as set out above.

Proposal 3

Introduce a fee of £30 for each of the 16th and subsequent claims contained in a patent application.

The vast majority of respondents (15 respondents) expressed a lack of support for this proposal. Seven of these respondents explained that they would be more likely to accept an excess claims fee if it applied from a higher threshold than 15. Suggestions ranged from 20 to 30, and some commented that the fee should at the very least not be payable on the “average” application containing 22 claims. It was also suggested that the IPO could introduce a fee if the number of independent claims is more than three, as at the USPTO, on the basis that more independent claims lead to more work for the patent examiner.

Four respondents expressed support for this proposal. In particular, one of those respondents expressed support for the likely reduction in time required for examination and search, if more applications contain less than 15 claims. Another respondent explained that the proposal is in conformity with the current practices of other IP offices around the world and so would not be an additional burden where an applicant already conforms to those requirements when filing in multiple jurisdictions.

Two respondents suggested that the applicant should be given the opportunity to nominate which claims are to be searched, with any excess claims fee only being payable in relation to those claims. The remaining claims could remain in the application for priority purposes. If no patentable subject matter is identified then a further search fee could be paid in relation to a further selection of claims.

It was pointed out that this proposal would amount to an excess claims fee of £210 on the “average” application with 22 claims. In the context of the other fees for UK patent applications, respondents felt that an excess claims fee of £210 on the average application, £1050 on a 50-claim application, and £3000 on a 115-claim application, would be excessive.

A number of respondents commented that the fee would impact disproportionately on certain technical fields, such as biotechnology, medical chemistry, computer-implemented technologies and telecoms. Others commented that such a fee would be an incentive to file applications including complex claim structures (such as multiple alternatives in one claim) and that this has been witnessed at the EPO. It was felt that such practices would in fact require more examination time. Other concerns were expressed about the potential of search results to be delayed whilst sorting out the correct payment of excess claims and pages fees. It was suggested that the applicant is entitled to expect a proper search of every single claim and detailed reporting. Some respondents commented that the proposed total loss of the application is excessively harsh, and instead just those excess claims for which no payment was received should be treated as abandoned (as at the EPO).

Although the anecdotal evidence of complex claims at the EPO is interesting, the Government notes that many major IP offices around the world have some form of excess claims regime. On balance, the Government’s view is that it remains right to have a fee structure which – in a general sense – better reflects the work involved in searching and examining the more lengthy applications. However, we are aware of the clear lack of support for the proposal as set out in the consultation document, and in particular the comments regarding the likely additional fee levels that would arise, whether on the “average” application containing 22 claims or an application with many more claims.

In light of these points, the Government plans to introduce an excess claims fee, but as a smaller fee of **£20 per claim** and only applying to each of the **26th and subsequent claims**. As set out in the consultation document, the fee for any excess claims will be required as part of the search fee. A new grant fee will also be payable if the number of excess claims increases, as suggested in paragraph 55 of the consultation document.

The possibility of charging for more than three independent claims, as at the USPTO, is not being pursued at the current time but will be noted as a possibility for the future – once the initial excess claims regime in the UK has bedded in, and its impact has been reviewed. The proposal that the applicant be allowed to select a set of claims for search is also not being pursued at the current time due to the complexities involved in bringing in such a procedure, but again will not be ruled out as a possibility for the future.

Approximately 25% of applications requesting search contain more than 25 claims. So the revised excess claims fee will not affect around three-quarters of all patent applications, and the fee will not be payable on the “average” application containing 22 claims. The fee for an application with a very large number of claims also becomes considerably lower than proposed.

For example a 50-claim application would attract an excess claims fee of £500 (approximately 5% of applications currently contain 50 or more claims). A 115-claim application would attract an excess claims fee of £1800 (only approximately 0.6% of applications contain 115 or more claims).

Proposal 4

Introduce a fee of £10 for each additional page of description over the initial 35 pages.

Nineteen respondents commented on this proposal. The majority (11 respondents) objected to it, whilst eight respondents found it acceptable or explained that it would not affect their filing strategies.

The eight respondents who found this proposal acceptable commented that “the proposal is in conformity with the current practices of other IP offices around the world” and would not “have any particular effect on the drafting of the description, positive or negative, but reflect the additional time spent by the Examiners in reading lengthy documents”.

Some of the respondents who did not express support commented that the fee would unfairly burden some areas of technology, such as pharmaceuticals, biology, and medicinal chemistry, more than others. It was also felt that the fee is likely to have little effect on applicant behaviour and would not appropriately target “poor-quality” applications. One respondent commented that such a fee would lead to applicants choosing to file their applications elsewhere. Some respondents pointed out that patent applications are often drafted for use in other jurisdictions and that applicants should not be penalised for such filing practices.


Four respondents suggested that if an excess pages fee were to be introduced then the threshold number of pages at which the fee becomes payable should be raised, and that this higher threshold should be accompanied by a different fee (suggestions were received for both a higher fee and a much lower fee).

Some respondents explained that it might be possible to avoid the fee by drafting patent applications with a very small font size, and using other formatting methods to reduce the number of pages of description.

A number of respondents commented that the fee should be part of the fee for search or substantive examination (or even as part of a fee for grant) rather than the application fee, so as to avoid “punishing” priority filings which are never searched or examined. Other concerns were expressed about the potential of search results to be delayed whilst sorting out the correct payment of excess claims and pages fees. It was also commented that in the situation where the fee has not been fully paid, a period should be given for it to be paid in full, rather than the application being immediately treated as withdrawn.

IPO data suggests that 11% of applications handled by the IPO contain more than 35 pages of description. Clearly almost 90% of applications will therefore remain unaffected by the excess pages fee. On balance, the Government therefore considers that a fee of £10 for each additional page of description over 35 pages remains appropriate.

However, having weighed up all the comments made, the Government plans to adjust this proposal in order to address a number of the key concerns raised.



In light of the consultation responses received, the Government plans to make this fee payable as part of the fee for substantive examination rather than as part of the application fee. This will ensure that those applications which do not proceed to substantive examination are not charged. This means that only half of the applications which would have been required to pay the fee under the original proposal will now need to pay it. In particular, those who file applications in the UK in order to secure a priority date will now be completely unaffected (irrespective of whether or not they request a search). It will also ensure that, in many cases, any issues with the formatting of the application (which may affect the number of pages of description) will have been dealt with before the excess pages fee is payable. Finally, this adjustment overcomes the concern about the potential for search results to be delayed.

If the number of excess pages increases during examination then a £10 fee for each additional excess page will be payable as part of a grant fee. The grant fee will be made up of the fee for any additional excess claims (as discussed above) together with the fee for any additional excess pages.

Under the Government's plans, an application containing 50 pages of description and proceeding to substantive examination would attract an excess pages fee of £150. (Approximately 5% of applications currently include 50 or more pages of description.) An application containing 100 pages of description would attract an excess pages fee of £650. (Approximately 1% of applications currently include 100 or more pages of description.)

Alternative proposal


Make a small increase to patent renewal fees, along with smaller increases to the upfront fees than set out in proposals 1-4.

An example of one way this might be done was set out on page 12 of the [consultation document](#).

Twelve respondents preferred or were content with the approach set out in the alternative proposal. Some of these respondents expressed a strong preference for this approach.

Four respondents expressed a lack of support for any increase in renewal fees. Two of those respondents pointed out that any such increases affect owners of both UK and EP(UK) patents, and did not consider the impact on EP(UK) patent holders was justifiable. Seven respondents had no strong views or did not express an opinion.

Two respondents pointed out that increasing the renewal fees purely to reflect inflation would take the fees higher than the proposed £10 increase. It was also pointed out that the proposed £10 increase would still leave UK renewal costs far below those of other countries such as France and Germany. Various respondents pointed out the strong policy argument for keeping the fees for obtaining patent protection low and renewal fees (especially in the later years) high, to encourage patent owners to abandon patents that are no longer of commercial value. In particular it was pointed out that this back-loading of fees is better for ensuring that individuals and micro-businesses can access the patent system.



To account for the reduction in the excess claims fee, and the halving of the number of applications paying the excess page fee, the Government plans to introduce a £10 increase to the patent renewal fee for years 12 onwards. As explained by respondents, this is a modest increase and is less than the amount by which renewal fees would have increased with inflation since the time renewal fees were last changed. The limitation to years 12 onwards will limit the impact to only those UK and EP(UK) patents that are considered commercially successful enough to continue to renew. In addition the fees in these later years will continue to encourage patent holders to regularly review which patents they wish to renew.

Other comments received

Some alternative suggestions were received.

For example, it was suggested there could be two levels of examination fee – one payable in the situation where the applicant has amended their claims to remove those claims against which the search report listed relevant prior art, and another higher fee for those applicants who have not. The idea of providing an incentive for applicants to amend their application in ways that are likely to require less examination time is certainly attractive (indeed this is the basis of the [PCT\(UK\) Fast Track](#), which offers accelerated examination for PCT applications in the UK national phase if the claims have been indicated as acceptable by the International Searching Authority). We will therefore note the suggestion as a possibility for the future.

It was also suggested that there could be a fee for each response to an examination report; or that there could be lower renewal fees for those patents offered on fair, reasonable and non-discriminatory licensing terms, or licence of right terms. One respondent suggested we charge a fee for accelerated processing, which is currently free. The Government does not intend to pursue these suggestions at the current time but will consider them when looking at future adjustments to UK patents fees.

It was also suggested that the IPO should change legislation such that a patent application may only be filed and prosecuted by registered patent professionals. The Government has no intention of making such a change.

Some specific suggestions were also made in relation to the development of electronic services. For example it was suggested that the IPO should provide an on-line filing system that accepts common formats and auto-converts them to PDF, or by providing a simple PDF creation tool for users to install. The IPO will consider these suggestions as part of ongoing work to provide improved digital services for patents customers.



Conclusion

The Government welcomes the time that respondents took to participate in this consultation. Following careful consideration of the responses received, the Government intends to take forward the changes adjusted as discussed above.

It will be necessary to amend the Patents (Fees) Rules 2007 and the Patents Rules 2007 in order to make these changes. Subject to the statutory instrument being made and laid before Parliament in the autumn, we envisage making these changes on the common commencement date of 6 April 2018.

Regulatory impact

The regulatory impact has been assessed and the Impact Assessment for these changes to patents fees is published alongside this response document.



Annex A: List of respondents

Alasdair Kennington
Anonymous respondents (2)
ARM Limited
BT
CIPA
Coventry University
Debra Smith, Mayfin IP Limited
FICPI-UK
Forresters
Freddie Noble, Albright IP Limited
Hutchinson IP Ltd
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IP Federation
Jaguar Land Rover Limited
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DPS-006363

