



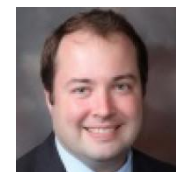
SUCCESS Act extends USPTO's fee-setting authority

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On 31 October 2018 President Donald Trump signed into law the Study of Underrepresented Classes Chasing Engineering and Science Success (SUCCESS) Act 2018 (HR 6758). The act was first introduced in the House on 10 September 2018 and was passed by both the House and the Senate with bipartisan support about a month later. Seemingly inconsequential, the SUCCESS Act initially reads as a feel-good piece of legislation that acknowledges the growing role of historically underrepresented classes in the innovation ecosystem. However, it closes with a single sentence that maintains the USPTO's controversial fee-setting authority.

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As stated in Section 2 of the act, the:

United States has the responsibility to work with the private sector to close the gap in the number of patents applied for and obtained by women and minorities to harness the maximum innovative potential and continue to promote United States leadership in the global economy.

Congress arrived at this conclusion by noting that:

- patents are an important engine of innovation, invention and economic growth;
- small businesses depend on patent protection to commercialise new technology;
- universities and their industry partners rely on patent protection to transfer innovative technologies from an academic setting to a commercial setting; and
- there is a significant gap in the number of patents applied for and obtained by women and minorities.

As an initial step in addressing this gap, the SUCCESS Act instructs the USPTO to submit a report within one year of enactment that provides legislative recommendations for how to promote the participation of women, minorities and veterans in entrepreneurship activities; and increase the number of women, minorities and veterans who apply for and obtain patents. Section 2 of the act provides well-deserved

recognition of the role that underrepresented classes and universities play in the technology and innovation ecosystem. Further, legislative recommendations that result from the USPTO's report may provide innovative avenues for enhanced economic development in these historically underrepresented classes.

However, possible controversy lies in how the act concludes. Section 10 of the America Invents Act, signed into law by President Obama in September 2011, initially authorised the director of the USPTO to set or adjust by rule all patent and trademark fees established, authorised or charged under Title 35 of the US Code and the Trademark Act 1946 respectively. The USPTO's fee-setting authority came to light in September 2018, seven years after enactment. Section 4 of the SUCCESS Act amends the America Invents Act to extend the USPTO's authority to set the amounts for the fees that it charges by eight years. Under the new law, the USPTO director retains the authority to set or adjust fees until 2026.

Although controversial, as some see USPTO fees as *de facto* taxes which must originate in Congress, Section 10 of the America Invents Act allows the USPTO to set fees "only to recover the aggregate estimated costs to the Office for processing, activities, services, and materials relating to patents". Thus, this funding model is theoretically a zero-sum game for taxpayers. The USPTO believes that this fee structure will allow the USPTO to have greater control of its budgetary issues and to achieve two significant goals – optimise patent timeliness and quality and operate within a more sustainable funding model.

Ultimately, the overarching goal of the SUCCESS Act is a more effective and more efficient patent office for all parties, including underrepresented classes. This would be a success that we all can applaud.

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