SENATE BILL PROVIDES PATH FOR UNIVERSITIES TO CLAIM MICRO-ENTITY STATUS

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The America Invents Act (AIA) provided the ability for certain patent applicants to pay significantly reduced government fees that are 75 percent less than the standard fees, if they qualify as "micro entities." The AIA also allowed assignees to be named as applicants, thereby affording them greater control over prosecution of patent applications.

An applicant affiliated with an institution of higher education (the Institution) can qualify as a micro entity by meeting one of the requirements set forth in 35 USC §123(d). Under this section, an applicant can qualify for micro-entity status by certifying that:

- The applicant's employer, from which the applicant obtains the majority of the applicant's income, is an institution of higher education (35 USC §123(d)(1)); or
- The applicant has assigned, granted, conveyed, or is under an obligation by contract or law, to assign, grant, or convey, a license or other ownership interest in the particular applications to such an institution of higher education (35 USC §123(d)(2))

From a practical standpoint, to take advantage of these provisions, the "Applicant" has to be someone other than the Institution itself– i.e., the Applicant has to be the inventor(s). Consequently, Institutions are not able to take advantage of the "micro-entity" fee reduction if they want to be named as Applicants. Many university technology transfer offices have been frustrated by this apparent contradiction within the statute and have had to choose between naming the inventors as Applicants, or foregoing reduced micro-entity fees.

The STRONG Patents Act of 2015, introduced in the Senate on March 3, offers a fix for this issue. Section 110 of the STRONG Patents Act proposes to amend 35 USC §123(d). Subsections (1) and (2) are preserved from the current statute, while subsections (3) and (4) are new and provide a clear way for institutions of higher education (subsection (3)) or research foundations (subsection (4)), as Applicants, to certify for micro-entity status. The proposed 35 USC §123(d) reads as follows:

"(d) INSTITUTIONS OF HIGHER EDUCATION.—For purposes of this section, a micro entity shall include an applicant who certifies that—

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(1) the applicant's employer, from which the applicant obtains the majority of the applicant's income, is an institution of higher education as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a));

(2) the applicant has assigned, granted, conveyed, or is under an obligation by contract or law, to assign, grant, or convey, a license or other ownership interest in the particular applications to such an institution of higher education;

(3) the applicant is an institution of higher education as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)); or

(4) the applicant is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code that holds title to patents and patent applications on behalf of such an institution of higher education for the purpose of facilitating commercialization of the technologies of the patents and patent applications."

Institutions of higher education are expected to support this bill. Indeed, it has already received support from the Association of Public and Land-Grant Universities (APLU) and the Association of American Universities (AAU). In the environment of ever-increasing budget pressure, passage of this bill (or another bill containing the same or similar provision) will bring some relief to technology transfer offices in the form of reduced government fees.