

Determining whether a patent or patent application qualifies for “small entity” status in the U.S. Patent Office

When determining “small entity” status in the United States Patent Office, there are two main factors to consider:

- 1) the **nature of the owner** of the patent or patent application, and
- 2) **licensing activities** associated with the patent or patent application.

1) The nature of the owner

In order to qualify for “small entity” status, the owner of the patent or patent application **must** be one of the following:

- a. **an individual** (either the inventor or another individual who owns the patent or patent application);
- b. **a small-business concern**, which generally includes companies with *fewer than 500 employees*, and which are not part of a larger corporate group (i.e., parent and subsidiary companies totalling more than 500 employees); or
- c. **a non-profit organization**, which generally includes universities, colleges and some other charities.

2) Licensing activities related to the patent or patent application

Even if the owner qualifies under part (1) above, a particular patent or patent application will be **disqualified** from claiming “small entity” status **if** any rights in that patent or patent application have been *licensed or assigned* (or are under an *obligation to assign or licence, or any similar requirement*) to another entity that does not itself qualify for “small entity” status.

What are the benefits of “small entity” status in the U.S.?

A patent or patent application that qualifies for small entity status is eligible to pay reduced government fees at the U.S. Patent Office.

When do you need to determine “small entity” status?

Determining whether an application qualifies for “small entity” status must be made when the application is filed. Once “small entity” status has been claimed, it must be re-examined when the issue fee is paid, and subsequently any time a maintenance fee is due.

Consequences of making a mistake

Mistakenly claiming “small entity” status can be serious, and can result in a patent or patent application being declared invalid. Although good faith mistakes can usually be corrected, care should be taken to ensure that all relevant facts are investigated before “small entity” status is claimed. If you have any questions or concerns, please contact someone at the firm and we would be happy to discuss this with you.

The above represents a general overview of the US Small Entity. It is not legal advice.

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