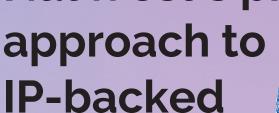
## Patent Law May / GLOBAL REACH, LOCAL KNOWLEDGE

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Neil Bellamy, Sector Head at NatWest Group, sits down with *The Patent* Lawyer to discuss the evolving landscape of IP finance and its impact on innovation, exploring the critical role of funding, the challenges startups face in securing financial backing, and the importance of IP driving economic growth.







# Strategic considerations for filing an IDS under the new USPTO volumebased fee structure

Cantor Colburn's Daniel F. Drexler and Yong Tang, Ph.D., review the New Fee Structure for Large Information Disclosure Statement Filings instituted by the USPTO.

he US imposes upon applicants what is perhaps the most arduous duty of disclosure in all of global patent practice, requiring "each individual associated with the filing and prosecution of a patent application... to disclose to the Office all information known to that individual to be material to patentability". 37 C.F.R. § 1.56(a). This duty persists throughout the examination procedure and extends to all forms of known prior art, e.g., printed publications, offers for sale, public disclosures, etc. A breach of this sacred duty can result in the unenforceability of a resulting patent and charges of inequitable conduct and fraud, which could bring sanction to the patent practitioner or even loss of one's ability to practice before the United States Patent & Trademark Office (USPTO). See, e.g., Manuel of Patent Examining Procedure (MPEP), § 2016.

The US duty of disclosure is satisfied by presenting "all information known... to be material to patentability" in an Information Disclosure Statement (IDS) and timely filing the same in the USPTO. While perhaps somewhat draconian, the mechanics of filing an IDS are at least presented clearly in the relevant US laws and in the related USPTO guidance materials. However, determining what information qualifies as "material to patentability" and warrants disclosure is often not as clear. In fact, the USPTO provides little guidance on the topic, and interpretation of the governing regulations is often the subject of complex litigation.

Considering the dire consequences of not complying with the duty of disclosure, and in view of the lack of clarity surrounding what precisely qualifies as warranting disclosure, US



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• \$800, for more than 200 cumulative

references.1

The new IDS size fee is not discounted for small or micro entity applicants (unlike many

- 37 C.F.R. 1.17(v)(1)-(3)
- See, e.g., MPEP § 609.04(b)

patent practitioners often prudently err on the side of over disclosure. On the one hand, this is seemingly encouraged by the USPTO, which advises that: "...when in doubt, it is desirable and safest to submit information. Even though the attorney, agent, or applicant does not consider it necessarily material, someone else may see it differently and embarrassing questions can be avoided." MPEP § 2004. On the other hand, the USPTO complains that, in many instances, large IDS submissions contain clearly irrelevant, marginally relevant, or cumulative information which presents an onerous burden for examiners, hinders the USPTO's statutory obligation to timely examine applications, and drives up operating costs. See, 89 Fed. Reg. 91898.

In an attempt to reduce the number of large IDS' and to help fund the processing of those that remain, the USPTO has enacted a new volumebased fee regime, effective January 19, 2025. ld. Now, a fee is assessed based upon the cumulative count of applicant-provided IDS references:

- · \$200, for more than 50 cumulative references;
- \$500, for more than 100 cumulative references; and
- USPTO fees) and is charged in addition to existing

timeliness-based IDS fees² which could reach as high as \$2,860 where a Request for Continued Examination (RCE) is required for a late filed IDS. Thus, the new IDS size fee can present a financial burden, particularly in cases prone to a high number of prior art citations, e.g., where a US application forms a part of an active global patent portfolio in which previously unknown prior art is regularly surfaced during overseas examination.

The final USPTO rule also requires that IDS' submitted on or after January 19, 2025, contain a "clear written assertion" stating whether the IDS is accompanied by the appropriate IDS size fee or that no IDS size fee is required. An IDS submitted without the clear written assertion or without the appropriate large-IDS fee will result in the IDS not being considered by the examiner.

What now constitutes a two-tier IDS fee regime imparts additional obligations upon the applicant and presents new pitfalls in an already treacherous procedure. In addition to carefully monitoring the timing of IDS submissions, the patent applicant

### Résumés

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now must track the cumulative number of references submitted to the USPTO and determine the appropriate size fee upon the filing of an IDS. In addition to being a significant administrative burden, a misstep here could result in an IDS not being entered and considered by an examiner. Resubmission could entail payment of one of the various timing fees or perhaps the far more significant RCE fee. Of course, this scenario introduces the possibility that an IDS denied entry due to size fee technicalities could go overlooked by the practitioner, leading to a host of downstream consequences, including the most severe which are outlined above.

What can patent owners and practitioners do to reduce fees and ward against these potential pitfalls?

#### Track and report the number of IDS references accurately

Install new administrative practices for counting cumulatively filed IDS references. Introduce redundancies where possible. And, if budget allows, investigate and invest in software solutions.

#### · Reconsider search efforts

Remember, there is no duty to search for prior art, only to disclose known information that is material to patentability. In some instances, prior art searching is essential for determining freedom to operate and/or likelihood of patentability, in which case, a resulting patent application must include disclosure of relevant discovered references. In other instances, the scope of search can be narrowed to reduce the number of results while still providing insightful data. In still further instances, searching can be eliminated altogether.

#### Avoid submission of cumulative references

In the rush to maximally satisfy the duty of disclosure, it can happen quite easily that several members of a prior art patent family are disclosed in a single patent application. For example, a German patent publication and its Chinese counterpart may be provided to, or discovered by, a patent practitioner at different times and then submitted to the USPTO in multiple IDS'. Likely, the content of both references is equivalent, and thus submission of both is cumulative and hence unnecessary, resulting in increased overall IDS reference count.

#### Select fewer but more comprehensive references where possible

The new fee schedule is tiered by the number of applicant-cited references, rather than by their length. This can be used to an applicant's

Thus, it may be possible to significantly reduce the count of cumulative IDS references by not submitting parent cited prior art in a continuing application.

advantage. For example, citation of a compendium, rather than individual articles, could reduce the overall reference count. (Of course, artificial agglomeration of references in an attempt to save fees should be strictly avoided.)

#### Forgo the citation of prior art from parent applications in continuing applications

Examiners must consider all references cited in a parent application when examining a child application (continuation, divisional, etc.). MPEP § 609.02. An IDS filed in a child application citing references of the parent only has the effect that such references are explicitly listed on the cover page of an eventually granted patent. Regardless of whether such IDS is filed, references cited in a parent application are understood to have been considered by the examiner in a continuing application and any resulting patent carries a presumption of patentability over such references, cited or not. Thus, it may be possible to significantly reduce the count of cumulative IDS references by not submitting parent cited prior art in a continuing application.

#### Consider (at your peril) withholding non-material references

While it is possible to evaluate materiality and even cumulativeness amongst non-related references (as opposed to our tip above concerning familyrelated references), and to exclude from IDS filings certain references in order to reduce IDS size fees, this hair-raising exercise is fraught with peril. A misinterpretation of a teaching of a reference, or an innocent overlooking of a relevant passage could bring all the fury of an inequitable conduct charge for withholding known information that is in fact "material." Additionally, significant attorney time, and hence fees, would be required for such evaluation and would likely dwarf the USPTO's IDS size fees, while potentially putting at risk the validity of a patent and the practitioner's career, making this option the least desirable of the lot.

The USPTO IDS size fee indeed presents the applicant with new administrative challenges and additional costs, but through careful practice and consideration of the above strategies, impacts can be minimized while safeguarding ethical conduct and patent validity.

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