

## H.R. 7803, a bill to amend title 35, United States Code, to provide a good faith exception to the imposition of certain fines, and for other purposes

As ordered reported by the House Committee on the Judiciary on May 16, 2024

By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	0	0	0
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
		<b>Mandate Effects</b>	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	*	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Under Threshold

\* = between -\$500,000 and \$500,000.

H.R. 7803 would exempt certain patent applicants that falsely apply as small entities but do not meet the requirements for that status from fines levied by the Patent and Trademark Office (PTO), if they made that assertion in good faith. Under current law, individuals, small businesses, or nonprofit organizations that certify their status as a small entity may pay reduced patent filing, maintenance, and other fees to PTO. Applicants that falsely assert that they are eligible for a fee reduction as a small entity are subject to civil monetary penalties.

CBO estimates that it would cost PTO less than \$500,000 to update its guidance to small entities. However, PTO is authorized to collect fees in amounts sufficient to offset its annual appropriation, and CBO expects that the agency would adjust fee collections to match any increase in operating costs. Assuming appropriation actions consistent with that authority, CBO estimates that the net increase in discretionary spending for PTO would be negligible.

In addition, CBO estimates that enacting H.R. 7803 could reduce the collection of civil monetary penalties, which are treated as revenues, over the 2024-2034 period. Based on the amounts collected under current law, CBO estimates that any reduction in those penalties would be insignificant.

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



If PTO increases fees to offset the costs of implementing provisions of the bill, H.R. 7803 would increase the cost of an existing mandate on intergovernmental and private entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be small and would not exceed the annual thresholds established in the Unfunded Mandates Reform Act for intergovernmental and private-sector mandates (\$100 million and \$200 million in 2024, respectively, adjusted annually for inflation).

The CBO staff contacts for this estimate are David Hughes (for PTO) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

A handwritten signature in black ink, appearing to read "Phillip L. Swagel". The signature is fluid and cursive, with a long, sweeping tail.

Phillip L. Swagel  
Director, Congressional Budget Office