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[USPTO](#)

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Taxing Patents – Axing Innovation

In July 2025, *The Wall Street Journal* reported that it had received information regarding a proposed tax on [U.S. patents](#). This is an unexpected and novel idea that has never been undertaken, in their opinion that this proposal would be detrimental to the innovation seen in the U.S.

As some background to this proposal, U.S. patent owners currently are obligated to pay various fees to keep their patents active. On an annual basis, the United States Patent and Trademark Office (USPTO) collects fees, as well as other fees collected by the USPTO for filing a patent application, prosecution fees, and maintenance fees. Fees associated with patent office procedures include Post-Grant Reviews (PGRs), which can accumulate many dollars for the use of its role in furthering innovation through the patent system, being one of the government's self-funded agencies. In fact, one of the arguments for the proposed tax would then be funded well above what is needed for the [USPTO to be self-funded](#). The excess money would be used to bring down the deficit or that the excess money would be [transferred to other government programs](#).

In any event, however, individuals in the government are reviewing a provision to tax patents. The proposed tax would be based on a valuation of the patent's worth, not its actual value. This seems to raise some practical and policy concerns from opposing the value of a patent, as that value is oftentimes not realized until well into the term of the patent (due to prosecution delays or regulatory delays). Additionally, a patent's value is most often realized through the commercialization of the invention. Anything else is speculative in nature. Furthermore, opponents of this tax on U.S. patents argue that having it be a [bureaucratic regulation](#).

Additionally, those opposed to this patent tax raise the possibility that taxing patents would thereby actually negatively affecting the revenue collected by the USPTO. Also, international competitors with the U.S. for business might most benefit from a patent tax in the U.S.

Another argument presented by those opposed to this proposed patent tax is that it would disadvantage companies without high resources, thereby diverting much needed funding for research and development. That this tax on patents might keep companies from disclosing their inventions to the public, and that companies (and inventors) might depend on trade secrets, which might further hinder innovation.

This is merely a proposal at this point in time and under review by the Commerce Department. No action yet. However, industry leaders in all technical fields are monitoring any developments.

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