

September 27, 2019

Mr. Brendan Hourigan
Office of the Chief Financial Officer
United States Patent and Trademark Office
Mail Stop CFO
P.O. Box 1450
Alexandria, VA 22313-1450
ATTN: Brendan Hourigan

Via email: fee.setting@uspto.gov

Re: Fee Setting for Rocket Docket Fee (Design Patent Applications)

On behalf of the Footwear Distributors & Retailers of America (FDRA), we appreciate the opportunity to provide the following comments to the United States Patent and Trademark Office (“USPTO”) regarding proposed USPTO fee increases pursuant to Section 10 of the America Invents Act. (See 84 Fed. Reg. 37398-37440). *Our comments focus on a single proposed “rocket docket” fee increase for U.S. design patent applications.*

FDRA serves as the footwear industry’s trade and business association, representing 500 footwear companies and brands across the U.S. This includes the majority of U.S. footwear manufacturers and over 90 percent of the industry. This year marks FDRA’s 75th year serving the industry, and our members include a broad and diverse cross section of the companies that make and sell shoes, from small family-owned businesses to global brands that reach consumers around the world.

Introduction

For the reasons listed below, the proposed increase of the rocket docket fee from \$900 to \$2000 (122%) will be harmful to the design patent system and for all applicants who need to expedite design patent applications. This is irrespective of the proposed increases to the other design fees. Importantly, these increases further multiply since the U.S. design patent system only permits one claim per design patent application, and applicants commonly need to file multiple design patent applications to provide suitable protection for a new product.

It is important in most industries that design patents have a short pendency to combat the problem of knockoffs. The average total pendency of a design application is now 20.5 months. Because of this high average pendency, normally processed applications provide infringers a significant gap of time to freely misappropriate designs.

We respect the USPTO’s fiscal needs and appreciate that fee increases from time to time are likely necessary to ensure a high-quality U.S. intellectual property protection system. We respectfully submit that a disproportionate rocket docket design fee that is not *fully justified* by the costs that are incurred should *not* be part of the solution. It will further penalize the design patent applicants who need it most to combat knockoffs.

Companies Who Create and Sell Innovative Designs Face Challenges

Knockoffs are increasing. It is normally important that design patents have a short pendency as a design patent cannot be enforced until it grants. Further, designs are being knocked-off faster and faster. In many cases, designs are being knocked-off less than six months from their public announcement. In some circumstances, infringements are occurring before the authorized products are released for sale to the public.

Even with a granted patent, companies who want to stop the infringements are fighting enforcement challenges including challenges to detect and identify the infringers, enforcement challenges with on-line platforms, and a whole host of other enforcement challenges. Companies commonly spend significant portions of their intellectual property budgets to combat the knockoff problem and achieve this goal.

Most of these companies recognize the need to procure design patents as part of this battle, but penalizing the companies who are being knocked-off by increasing the rocket docket fee by \$1100 (122%) because it otherwise takes over twenty months to procure a design patent is unfair.

Design Patent Procurement is Already Expensive and Takes a Long Time

According to the USPTO's Dashboard on its website, design patent total pendency is 20.5 months and it takes the USPTO an average of 14.3 months to issue a first office action. These timeframes are the longest they have been in years despite the repeated requests made by applicants to the USPTO to reduce the pendency at USPTO Design Day each year. A result of this is that many of the infringements start before a first office action is mailed – let alone before the design patent grants.

In today's fast-moving world, especially in some industries such as the footwear industry, a design patent that takes 20.5 months to issue has significantly less value to protect against the likely infringement scenarios. While applicants are pleased that the USPTO provides for a rocket docket provision to expedite the prosecution, it is currently still very expensive.

When the current rocket fee (\$900) is combined with the current filing fees (\$960) and the issue fee (\$700), it costs an applicant USPTO fees of \$2,560 exclusive of the expenses incurred to perform an independent search (a requirement for filing a rocket docket request). Increasing the rocket docket fee from \$900 to \$2000 in combination with the proposed increase to the design filing, examination, and issue fees would bring the USPTO fees for rocket docket cases to \$3,760. Further, given that design patents cover only a single claim, applicants may be forced to rocket docket multiple design applications to prevent design patent infringements. This increase will have a significant impact to the budget of many design applicants who need to rely on the rocket docket provision, it will likely serve to stifle their enforcement efforts, and will likely empower those who want to make and sell knockoffs.

To provide some additional context, we have gathered the data (last confirmed in 2018) in the below chart from the other design offices comprising the ID5 and Canada and from associates practicing in those countries. It should be noted that China and Europe only examine designs for

formalities and not in view of the prior art. The highest non-expedited pendency in all of these other countries is 12 months whereas the U.S. averages 20.5 months. That is, the major foreign jurisdictions provide design patent systems that enable the grant of prompt industrial design rights with a cost of \$500 or less. Further, WIPO does not charge to expedite publication of a design patent application for its Hague system. Because it takes so long in the U.S. to obtain design patents, more applicants are forced to rocket docket cases to prevent infringements. Further, when the filing and rocket docket fees and the relative pendency of each country is compared with the other design offices; it confirms that the proposed increase in the rocket docket fee is not warranted.

Country	Expedited examination allowed?	Average pendency for regular design	Official fees for filing regular design	Average pendency for expedited design	Official fees for filing expedited design
US	Yes	20.5 months	\$960 (current) \$1020 (proposed)	4-6 months	\$900 (current) or \$2000 (proposed)
CA	Yes	12 months from filing	\$300 USD	7-8 months from filing	\$685 USD
CN	No	5-7 months from filing	\$75 USD	N/A	N/A
EU	Yes	within 1 month from filing	\$405 USD (registration and publication)	2 business days from filing	No fee
JP	Yes	6 months from filing	\$145 USD	2 months from the date request filed	No fee
KR	Yes	8-10 months from filing	\$110 USD	2-4 months from filing	\$70 USD

The Proposed Fee Increase is not Justified by its Actual Costs

In addition to the USPTO's rocket docket fee, whether it remains at \$900 or it is increased, design patent applicants who wish to rocket docket a design patent application must also incur the costs associated with conducting a pre-examination search. Submitting the uncovered prior art from this search to the examiner *helps* the USPTO in the examination process and should make the examination process easier. This should tilt in the direction of a lowered rocket docket fee.

The USPTO's stated unit cost of expediting in FY17 was only ***\$107***.¹ This is well below the current \$900 fee, and a tiny fraction of the proposed \$2,000 fee. The present expedited fee already includes a profit premium for the USPTO over and above its actual costs. Given the existing high cost and effort to expedite, this rocket fee shouldn't further be increased by \$1100 (122%).

¹ PPAC Detailed Appendix, Slide 63 (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>)

Rebuttal to UPSTO Comments

PPAC expressed a lack of support to the large increase proposal to the Request for Expedited Examination fee. In response the USPTO provided some supplemental comments. Of these comments, few were directed to any extra costs that are actually borne by the USPTO that would justify the increase. The main cost-related comment was that expedited design applications “may be treated individually whereas the search phase of design examination is conducted in groups.” This is not the case in practice. A polling of design patent examiners would reveal that as a matter of course the examiners will virtually always search the designs in groups and will take other cases from their dockets to perform a group search with the expedited cases. Thus, the processing of a rocket docket case does not create material inefficiencies that would justify a 122% increase in the rocket docket fee.

Conclusion

Rocket Dockets are necessary for applicants who wish to fight the growing number of knockoffs. This is especially true because of the USPTO current 20.5 month design patent total pendency. The USPTO should strive to be part of the solution by helping the applicants who design creative products that fuel the economy. The rocket docket fees should be commensurate with the actual additional costs borne by the USPTO and not based on what applicants would potentially pay to secure a timely design patent. Increasing the rocket docket fees from \$900 to \$2000 penalizes applicants whose products are frequently copied and applicants who choose to fight the battle against knockoffs. A well-functioning U.S. design patent system that issues design patents rapidly is critical to the economy, designers, and the innovative companies who hire them and make the products they create. The USPTO should not further discourage certain industries from using the design patent system. Applicants should not have to choose between paying an exorbitant fee or foregoing prompt and necessary protection of their innovative designs.

Thank you for the opportunity to provide input on the proposed rocket docket fee increase for U.S. design patent applications, and we look forward to working with you on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Priest". The signature is fluid and cursive, with the first name "Matt" being more prominent than the last name "Priest".

Matt Priest