

# AIPLA

## American Intellectual Property Law Association

September 30, 2019

The Honorable Mary Boney Denison  
Commissioner for Trademarks  
P.O. Box 1451  
Alexandria, VA 22313-1451  
Attention: Catherine Cain  
*Via email: TMFRNotices@uspto.gov*

### **RE: Fee Setting Comments to the Trademark Public Advisory Committee on the Proposed Trademark Fee Schedule**

Dear Commissioner Denison:

AIPLA thanks the Trademark Public Advisory Committee (“TPAC”) for conducting the hearing on the Proposed Trademark Fee Schedule on September 23, 2019, and for this opportunity to express our views on the proposal.

AIPLA is a national bar association of approximately 12,000 members that include trademark attorneys and trademark owners, as well as other IP professionals engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that allow all trademark stakeholders to protect their marks in an efficient, reasonable, and cost-effective manner.

Our comments below address three aspects of the proposed fee schedule: general comments on the proposed fees, comments on the trademark prosecution and maintenance fees, and comments on the Trademark Trial and Appeal Board (“TTAB”) fees.

#### **1. General Comments on the Proposed Fee Schedule**

The proposal contains numerous fee increases and no decreases. While some of the proposed fees seem appropriate, others concern AIPLA. While AIPLA generally supports the assessment of fees that, in the aggregate, enables the USPTO to recover 100% of its costs, we request further and more detailed explanations justifying each fee increase. We note that, in FY2018, the Office considered its 5-year financial outlook and determined that “additional fee adjustments are not warranted at this time.”<sup>1</sup> AIPLA would like to know what changes have occurred that justify the new fees.

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<sup>1</sup> Trademark Public Advisory Committee Annual Report 2018, at 25, available at [https://www.uspto.gov/sites/default/files/documents/TPAC\\_2018\\_Annual\\_Report.pdf](https://www.uspto.gov/sites/default/files/documents/TPAC_2018_Annual_Report.pdf)

While AIPLA understands that the timing for this review of the proposed fees is dictated by statute in many respects, it is a challenge to perform as thorough an analysis as we would like to have done, given the short period of time between the publication of the proposed schedule and the TPAC hearing. AIPLA suggests the Public Advisory Committee may want to consider whether improvements to the process could be recommended.

AIPLA understands that one of the stated reasons for some of the proposed fee increases is to improve the accuracy of the Register so that it reflects marks in use and does not contain registrations that never should have been granted or maintained in the first place, for example, due to fake specimens or other fraud. While decluttering is a laudable goal, it seems premature to try and achieve this goal with fee increases. The USPTO has not yet had an opportunity to accurately measure the impact of rules and procedures implemented only recently -- such as the US counsel rule, the requirement for filers to login with myUSPTO.gov (effective October 26, 2019), and the TTAB's expedited cancellation program. Further, additional rules and, perhaps, statutory changes, are being considered.

Another reason provided by the Office for fee increases seems to reflect an anticipated reduction in the percentage of maintenance filings for marks that will not have been used by the Section 8 or 71 declaration of use deadline. AIPLA requests more information as to the statistical nature of this budgetary concern, and whether it anticipates a successful outcome for the decluttering measures. We observe that revenue from maintenance fees – as well as from application fees – has increased in each of the last three fiscal years.

The magnitude of the proposed increase in a number of the existing fees, and the imposition of new fees, is significant, ranging from 80 to 150%, and 100 to \$500. Many users of the trademark system have a fixed budget for trademarks, and many of the proposed fee changes are so significant that they could result in a decrease in the number of brand owners who can afford to obtain and retain the protections provided by federal trademark registration. This concerns us.

Finally, AIPLA notes that some of the proposed increases in fees are for filings that incurred a fee increase less than three years ago. Significant increases in these fees in such a short period of time are concerning. If these fees are to pay for new or improved services, AIPLA would like to know more about the nature of those services. It is important that the Office provide more detailed justifications for the increases in existing fees and the proposed new fees.

## **2. Trademark Prosecution and Maintenance Fees.**

AIPLA questions the justification for the increase in, or implementation of, several trademark prosecution or maintenance fees and asks the Office to reevaluate the fees for each of the following:

- a. New \$400 Fee for filing a Request for Reconsideration of a Refusal of an Application Prior to or Concurrent with a Notice of Appeal. This substantial new fee discourages these filings. However, a request for reconsideration often resolves the outstanding issues so that the application

can proceed. This should be the preferred outcome, rather than having to proceed with an appeal to the Board. AIPLA does not support this fee.

b. Increase in the Section 15 fee of \$25 per class, to \$225. Although this increase may appear to be relatively small compared to most of the proposed increases, AIPLA questions the justification for this higher fee when Section 15 Declarations are not examined but, instead, are merely acknowledged, at a USPTO estimated cost of \$30 each.

c. New \$100 fee for each good or service deleted from a registration following a random audit or following an adverse finding by the TTAB. While AIPLA supports the Office's goal of discouraging post-registration filers from including goods or services in Section 8 and 71 filings for which the mark is not used, \$100 per good or service deleted is not appropriate because it penalizes the many legitimate brand owners who act in good faith. Further, it disproportionately affects some industries more than others. For example, one can register and maintain "alcoholic beverages except beer," in Class 33, without listing the varieties of beverages. However, "automotive parts," even those falling within a single class, need to be delineated. AIPLA also questions how the proposed fee will be assessed and collected, and the consequences of nonpayment.

AIPLA suggests that many of these issues could be addressed by modifying the fee to a \$100 charge per affected class in which goods or services have been deleted, regardless of the number of deletions in the class.

### **3. Trademark Trial and Appeal Board Fees**

AIPLA has concerns about many of the proposed fees pertaining to TTAB filings. In particular:

a. Increase in fees for filing a Notice of Opposition or Petition for Cancellation of 50% - \$200 per class - from \$400 to \$600 per class. These fees just increased in January 2017, from \$200 to \$400 per class, and AIPLA questions the justification for a further increase at this time. As the Office has recognized, a common way to challenge an application or registration that is based on an erroneous or fraudulent claim of use is for a third party to file an opposition or cancellation. Such filings are helpful to the Office's goal of decluttering the Register. An increase in filing fees, however, discourages such filings and is especially burdensome for small entity filers. Finally, many oppositions and cancellations are resolved by default and most never go to trial, so the USPTO does not incur the budgetary costs attributed to each proceeding.

b. Increase of 100% in fees for filing a Request for Extension of Time to file a Notice of Opposition per class. Again, these fees were just increased in January 2017, and processing Requests for Extension incurs very little effort and expense on the part of the Office. More importantly, these extensions very often give parties time to resolve their dispute without filing a Notice of Opposition. Extensions should be encouraged, rather than discouraged by increased fees. AIPLA encourages the Office to reevaluate these proposed fee increases.

- c. New \$500 fee for filing a Motion for Summary Judgment. This significant new fee seems inappropriate for a filing that is a common motion in the judicial system. If parties wish to avail themselves of a summary judgment motion, despite the low probability of success at the TTAB, they should not be penalized with such a burdensome fee.
- d. New \$500 fee for an Oral Hearing. While this fee is substantial, we understand that significant Board resources are involved for three Board members to make themselves available for a hearing. Accordingly, a fee may be justified. However, AIPLA requests further explanation of the proposed amount.
- e. Increase in fees for filing a Notice of Appeal of 100% - from \$200 to \$400 per class. AIPLA believes that the Office should provide more information justifying this increase. We note, for example, that filing a Notice of Appeal along with a Request for Reconsideration in response to a final refusal of an application is a common and often recommended practice. Based on the proposed fees, this would now cost an applicant the new \$400 fee to file its Motion for Reconsideration and \$400 to file the Notice of Appeal (assuming only one class of goods or services in the application). This is an increase of \$600. The Office should issue a further report explaining the justification for such a substantial increase.

#### **4. Miscellaneous Fees**

AIPLA further encourages the Office to reevaluate the following miscellaneous fees:

- a. New \$100 fee for Letters of Protest. Filers of Letters of Protest often provide a valuable public service to the USPTO free of charge. For example, filers bring fake specimens to the attention of the Office or alert the Office about the meaning of marks in specific industries that might otherwise not be known. Charging a \$100 fee will deter these filers from providing this service to the Office and, for this reason, the Office should reconsider this fee.
- b. Increase of 150% in fees, from \$100 to \$250, for filing Petitions to the Director. More information is needed to assess this proposed fee. For example, will this fee apply to all Petitions or only to certain Petitions? In addition, the per unit cost to process a Petition is \$108. What justifies an increase of the fee to \$250?

#### **5. The Operating Reserve Fund**

As the materials accompanying the proposed Fee Schedule mention the Operating Reserve Fund, we offer the following comments. AIPLA has supported the establishment of a Reserve Fund to help improve the financial stability of the USPTO and sustain operations under certain unexpected circumstances. That said, there is insufficient information provided in the proposal to assess how the Fund has been built and used over the years, what is the appropriate target amount, or how these proposed fees will replenish the Fund over what period of time.

We note, for example, that the USPTO has indicated that it is committed to maintaining a minimal trademark operating reserve of \$75 million.<sup>2</sup> The Office has further indicated that the Operating Reserve at the beginning of FY2019 was \$135.3 million.<sup>3</sup> And the Office recently projected (as of June 30, 2019) \$116.348 million in operating reserves at the end of FY2019.<sup>4</sup> AIPLA would like to better understand how much of the proposed new and increased trademark fees is projected to go into the Operating Reserve Fund over the next few years.

## 6. Conclusion

Thank you again for the opportunity to make these comments. AIPLA supports the TPAC's continuing efforts to improve the trademark system, welcomes the opportunity to answer any questions these comments may raise, and looks forward to a continuing dialogue on this very important subject.

Sincerely,



Sheldon H. Klein

President

American Intellectual Property Law Association

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<sup>2</sup> USPTO Trademark Fee Proposal Detailed Appendices (TPAC, Sep 2019), App. E at 37 and App. J at 66, available at <https://www.uspto.gov/about-us/events/trademark-public-advisory-committee-public-hearing-proposed-trademark-fee-schedule>

<sup>3</sup> Trademark Public Advisory Committee Annual Report 2018, at 24.

<sup>4</sup> July 2019 TPAC Meeting presentation, at 56, available at [https://www.uspto.gov/sites/default/files/documents/TPAC\\_JULY2019-Quarterly-Meeting.pdf](https://www.uspto.gov/sites/default/files/documents/TPAC_JULY2019-Quarterly-Meeting.pdf)