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September 13, 2018

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)

Dear Mr. Hourigan:

Banner & Witcoff, Ltd. (“Banner”) is pleased to submit the following comments to the United States Patent and Trademark Office (“USPTO”) regarding proposed USPTO fee increases that have been presented to the Patent Public Advisory Committee (“PPAC”) pursuant to Section 10 of the America Invents Act. (*See* 80 Fed. Reg. 63543-44). ***Our comments focus on a single proposed “rocket docket” fee increase for U.S. design patent applications.***

Introduction

Banner has been the most active firm in the U.S. for filing design patent applications in the USPTO.¹ We have seen the negative impact that prior fee increases have had in the design patent filings despite the overall increase in the total filings. USPTO design patent application fees were already raised by approximately 25% during the last round of fee setting. We have seen clients forego design patent application filings for fiscal concerns. We have also seen clients forego paying issue fees and letting allowed design patent application filings go abandoned for fiscal concerns. 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 companies who need to expedite design patent applications.

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 bears no relationship to

¹ Banner procured more U.S. design patents than any other law firm each year for the last 15 years. In 2017, Banner procured 1,426 U.S. design patents on behalf of its clients. That accounted for 4.6% of all the design patents granted by the USPTO that year.

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the USPTO cost 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 are Already Fighting an Uphill Battle Against Knockoffs

Some people may think most design patent infringement matters are like the highly publicized Apple versus Samsung case, but that is not the situation. Most design patent infringements are done by unknown competitors. The total number of infringements are increasing. Infringements are occurring much more rapidly – in some cases before the authorized products are released for sale to the public. Even armed with the design patents in hand, 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 because it otherwise takes over a year and a half 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 over 19 months and the total filing stage costs are \$960 (large entity). In today's fast moving world, especially in some industries such as the fashion industry, a design patent that takes over 19 months to issue has little or no value to protect against the likely infringement scenarios. While clients are pleased that the USPTO provides for a rocket docket provision to expedite the prosecution, it is already too expensive. When the current rocket fee (\$900) is combined with the filing fees (\$960), it costs applicants USPTO fees of \$1,860 exclusive of the issue fee. Increasing the rocket docket fee from \$900 to \$2000 would bring the USPTO filing fees for rocket docket cases to \$2,960. 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 and it will likely serve to stifle their enforcement efforts.

Further, we have gathered data from the other design offices comprising the ID5 and Canada and from associates practicing in those countries (see chart below). It should be noted that China and Europe only examines designs for formalities and not in view of the prior art. The highest non-expedited pendency in all of these other countries is 10 months whereas the U.S. averages about 19 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. Because it takes so long in the U.S. to obtain design patents, more applicants are forced to rocket docket cases to prevent

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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	19 months	\$960	4-6 months	\$900 (current) or \$2000 (proposed)
CA	Yes	10 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 \$107.² This is well below the current \$900 fee, and a tiny fraction of the proposed \$2,000 fee. The present expedited fee is already heavily favors the USPTO. Given the existing high cost and effort to expedite, this fee shouldn't be further tilted in the USPTO's favor.

Conclusion

Rocket Dockets are necessary for applicants who wish to fight the growing number of knockoffs. It is already a difficult and costly fight. The USPTO should strive to be part of the solution by

² PPAC Detailed Appendix, Slide 63 (<https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>)



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helping the applicants who design creative products which fuel the economy. The rocket docket fees should be commensurate with the additional costs (\$107) borne by the USPTO. Increasing the rocket docket fees from \$900 to \$2000 penalizes applicants in certain industry sectors, applicants whose products are frequently copied, and applicants who choose to fight the battle against knockoffs. 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.

We welcome any questions or inquiries regarding these comments, and thank the USPTO for the opportunity to respond.

Sincerely,

/Robert S. Katz³

/Richard Stockton⁴

Principal Shareholders, Banner & Witcoff, Ltd.

³ Robert Katz is the current Chair of INTA's Design Committee and is a past Chair of the Industrial Design Committee for AIPLA and FICPI's CET Group 2. For more details, see <https://bannerwitcoff.com/people/rkatz/>.

⁴ Richard Stockton is the current Chair of AIPLA's Industrial Design Committee. For more details, see <https://bannerwitcoff.com/people/rstockton/>.

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