

# PUBLIC SUBMISSION

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**Docket:** PTO-P-2018-0031  
Setting and Adjusting Patent Fees

**Comment On:** PTO-P-2018-0031-0001  
Setting and Adjusting Patent Fees During Fiscal Year 2020

**Document:** PTO-P-2018-0031-0042  
Comment\_D\_S

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## Submitter Information

**Name:** D. S.  
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## General Comment

See attached file(s)

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## Attachments

2019-09-30\_CommentsOnProposedPatentFeeChangesUSPTO

Attn: Brendan Hourigan, Director of the Office of Planning and Budget  
RE: 84 FR 37398 Notice of Proposed Rulemaking – Setting and Adjusting Patent Fees during Fiscal Year 2020  
Agency/Docket Number: Docket No. PTO-P-2018-0031  
To: Mail Stop - Office of the Chief Financial Officer, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450  
via email: fee.setting@uspto.gov

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## **Questions and Comments on proposed USPTO fee changes**

In general, I support the efforts of the Office to maintain a balanced budget, to upgrade infrastructure, and to provide operating reserves sufficient to continue operation during a temporary government shutdown. However, I do not support many of the proposed fee increases and penalties. My comments and questions on particular proposed fee adjustments are below.

### **37 CFR 1.17(p) Submission of an Information Disclosure Statement**

The proposed fee of \$260 is too high. The fee is required for any IDS submitted after issue of a first Office Action on the merits, unless the applicant can make a statement under 37 C.F.R. § 1.97(e). After a Final Action, the fee is required even if a statement under 37 C.F.R. § 1.97(e) is made. Thus, for example, the fee is unavoidable and incurred through no fault of the applicant when a counterpart foreign application search report issues after a Final Office Action. The fee may also be unavoidable when communications from foreign offices are delayed. These late-filed IDSs are likely to have only a few references, requiring little additional time from Examiners, so the fee increase is not justified by the unit cost.

If this fee increase is imposed, perhaps the Office could consider a tiered rate structure with a discount IDS fee for submitting an IDS with fewer than five or ten references, or below a certain page-count for non-patent literature.

Increased IDS fees are a disincentive for prompt disclosure of references which may be material because some references may be identified or recognized as material after the first Office Action. It is not in the best interest of the applicants, the Office, or the public, to impose IDS fees that discourage prompt disclosure.

Additionally, this 8% fee increase is in addition to a 33% IDS fee increase that was imposed in 2018.

### **37 CFR 1.17(e)(2) Request for Continued Examination (RCE) 2nd and Subsequent Request**

The proposed fee for a 2<sup>nd</sup> RCE is too high. It is more than the cost of filing new application or an appeal. It will create burdens on both the USPTO and applicants if continuations are filed instead of RCEs. If continuations are filed instead of RCEs, it will falsely improve USPTO and Examiner metrics and obfuscate real issues in prosecution.

### **37 CFR 1.17(a)(1) Extension for Response Within First Month**

The proposed first month extension fee is increased by 10%, this is too high. It costs the Patent Office nothing to wait a month and will make it more difficult for practitioners to provide a thorough response – especially for complex issues where input and review may be required from multiple inventors, licensees, and/or owners.

Although the USPTO may view extension fees as optional fees that the applicant can control, that is not the case for extensions required to maintain pendency after a response to a Final Office Action. Even if an applicant files a response at the two-month after-final date, the Examiner may not always issue an Advisory Action before the three-month date, and then at least a one-month of extension is required to file an RCE, Notice of Appeal, or a continuation if the response does not result in an Allowance. When an applicant timely files a response at the three-month after-final date, further extension fees are required to file anything if the response does not result in allowance. These fees are not “optional”; they are required to maintain pendency during the after-final period.

### **37 CFR 1.17(a)(2)-(5) Extension for Response Within Second - Fifth Month**

The increase in extension fees will fall disproportionately on small firms and solo practitioners. Legal work is not characterized by being steady or predictable. Practitioners intermittently encounter multiple coinciding deadlines. For small firms or solo practitioners, with no helpful associates trained in the relevant technology to share the work, this results in extension fees borne by the practitioners who often are the ones that provide affordable services to start-up companies and solo inventors.

The extension fees beyond the third month are greater than the filing fees for a new application. As there is essentially no cost to the Patent Office, this appears to be a penalty, not a reasonable fee increase.

As previously noted, patent prosecution may entail review and analysis from multiple stakeholders, not all of whom are motivated to respond quickly to inquiries, requests for signatures, or timetables for decisions. The fee increases for extensions are unjustified penalties.

### **37 CFR 1.16(u) Non-DOCX Filing Surcharge Fee**

*Questions:*

- Would the surcharge apply to divisional and continuation applications?
- Could the fee be avoided in continuing applications by “filing by reference” as provided in MPEP 601.01(a), III?
- Would the surcharge apply to PCT applications at national stage entry?
- Would the surcharge apply to any other filings beyond filing the initial application (such as: office action responses, preliminary amendments, a response with a replacement specification, etc.)?
- Would the surcharge apply if, at filing, the applicant included both a DOCX and a PDF version of the application?

- If an applicant filed in paper, would the non-docx surcharge be imposed in addition to the paper-filing surcharge?
- Plant Patent Applications have been required to be filed in paper, would the non-DOCX surcharge apply to all plant patent applications?
- Would the surcharge be waived if an applicant filed in paper because the electronic filing system was not functioning and a DOCX version was later filed within a certain time period?
- How will the Office manage metadata? Would metadata be irretrievably removed upon filing, or would the Office maintain multiple versions of an application?

*Comments & Concerns:*

The attorney or applicant may not have an editable copy of a previously-filed application. Patent ownership and representation may change during prosecution. Requiring applicants to generate a DOCX version may be extremely burdensome. For foreign applications, some translated documents may include a certificate from a translator verifying the accuracy of a translation. Modifying a document by optical character recognition processing could compromise the underlying document.

The proposed docx filing surcharge is unreasonably high. Applying a \$400 surcharge for non-DOCX filing is punitive. It is not intended to recoup costs, it is meant to penalize users whose software or procedures do not align with the Office's current preferences. This surcharge imposes a more than 20% increase in the cost of filing a patent application. Together with the proposed increases in the basic filing fee, the search fee, and the examination fee, the USPTO is effectively proposing an increase of nearly 30% for applicants who file new applications in the same manner as they do today. Even large corporations with robust IP funding will find a 30% increase hard to reconcile with their budgets. Small businesses already have difficulty with the upfront patent costs, a 30% increase may be prohibitive for some.

Requiring DOCX format would essentially be requiring the use of proprietary software made by one company. The USPTO is essentially requiring all practitioners to use Microsoft and Adobe products. While other software has some compatibility with the proprietary formats, the USPTO has used features that require advanced pdf functionality and presumably will do the same for docx format. In doing this, the USPTO is creating a monopoly. It is anti-competitive. It appears to be an antitrust violation. It is also a burden for applicants.

The undiscounted shelf price for a current professional version of Adobe Acrobat is more than \$400 per device, likewise, the shelf price for a current professional version of Microsoft Office is more than \$400 per device. Thus, when considering that practitioners and their support staff would all need the software, the price can be considerable. This will mean that law firms will not purchase alternative products, further strengthening the dominant position of these specific software companies. This is an unreasonable imposition and against public policy.

A very significant concern is that changing formats can introduce errors. For example, formulas and scientific symbols can be inadvertently changed into nonsense characters which could cause errors, confusion, and undue expense. In many cases, the errors would not be recoverable as the correction could be construed as "new matter."

An additional concern is that docx files usually contain metadata. I am concerned that mistakes would be made, by either the USPTO or practitioners, revealing metadata that could include

things like revision history and privileged communication between client and practitioner. This raises privacy concerns, privilege issues, and a whole new area for litigators to exploit.

Requiring docx format imposes an unreasonable cost burden, increases malpractice risk, and is against public policy.

### **37 CFR ?\_ Proposed new fee – Please add**

The USPTO should add a fee code for filing in paper when the electronic system experiences an outage that reflects a reduced or zero charge when applicants are forced to paper file. For the most part, we'd rather file electronically too. A reasonable fee might be \$20 – filing in paper on the date of, or the date immediately following, an EFS outage having a duration of two hours or more. In recent outages, both EFS and the back-up filing system have both been unavailable at the same time.

A further suggestion would be to provide the back-up electronic filing system in a different geographical location than the primary system, and also to provide walk-up services for patent filing until midnight eastern at the regional offices during an EFS outage.

### **37 CFR 42.15(b)(1) Post-Grant or Covered Business Method Review Request Fee, Up to 20 Claims**

The proposed fee increase is \$4000, which seems high. This is not an area I am particularly familiar with, but wasn't the point of PGR & CBMs to weed out patents that shouldn't have been issued? If the fee is excessive, it will only be used by parties already in ridiculously expensive litigation and it becomes only a litigation maneuver that undermines the court process and fails to achieve its policy goals.

### **37 CFR 42.15(e) Pro Hac Vice Admission Fee**

*Questions:*

- Is this fee charged attorney, per case? Or per, attorney per year? Or per firm?
- Would anyone signing or co-signing a submitted document be required to pay, or only lead counsel?

*Comments & Concerns:*

If anyone signing would be required to pay then it would make it more likely that at larger firms associates would not get recognition for their work and only lead counsel would pay the fee.

This encourages a lack of accountability if firms are charged per person listed as working on a case. Just as many will do the work but they won't be listed. That is poor policy. The Office should offer a lower fee to add a second attorney or co-counsel.

### **37 CFR 1.21(a)(8)(i)&(ii) Annual Active Patent Practitioner Fee**

#### *Questions:*

- Would this be due on different dates for each practitioner or by one date for all practitioners?
- Could fees be paid and forms be filled out by administrative assistants or would each attorney have to complete some yet-to-be-designed electronic certification form?
- What would be the consequence of non-compliance? Would practitioners be locked out of accessing their files in the PAIR system or in EFS or both? Would a response or application filed during a period of non-compliance be invalid?
- What is the process to get reinstated as an active practitioner after a lapse?
- What will be tracked? For how long?
- Would the CLE reporting periods align with state requirements? If so with which states? (Note: Many states require a certain number of CLE hours in a 2-year period, others report CLEs on a 3-year cycle, and some states have no CLE requirement. Also, some states use a 50-minute hour as a full CLE credit, while others have a 60-minute hour requirement.)
- What metrics indicate that this proposed fee and requirement would be an effective tool to improve patent quality?
- How was the proposed fee amount determined?

#### *Comments & Concerns:*

The Annual Active Patent Practitioner Fee (\$240-\$340) is too high and will create administrative burden. I concur with other comments that criticize the proposed fee.

Additionally, the fee is against public policy. The fee will reduce the number of active practitioners available to help low- and middle-income inventors. Many semi-retired practitioners help solo-inventors and small companies by volunteering their time or providing services at a discount, if it becomes too onerous to stay registered, they won't be available to provide this much-needed service.

The fee presumes that patent agents and attorneys make a large portion of their income from their patent work. This is not true for many attorneys and agents. Some are ambitious inventors who want to better understand the process. Some are in-house technology managers or people who spend the majority of their time on business law or other work that is only tangentially related to patent prosecution.

The fee appears poised to collect a very large amount of money and it is not clear where that money would be spent. While I appreciate the efforts of the Office to promote science and technology education by running summer camps for elementary students and printing artful trading cards, I do not feel that charitable activities should be supported by mandatory user fees.

If the Office were to proceed with an Annual Active Patent Practitioner Fee, a model more like the Federal District Court for the District of Colorado might be considered. The Colorado Federal court charges a \$50 fee once every two years and has no CLE reporting requirement. The fees collected fund *pro se* services.

### **37 CFR 1.21(a)(7) Inactive Patent Practitioner Fee**

Imposing an Inactive Patent Practitioner Fee is bad public policy because many semi-retired practitioners volunteer to mentor younger attorneys or to advise small businesses. The fee would discourage semi-retired practitioners from staying active in the profession. Also, the \$70 fee is too high for merely maintaining a database and updating it once a year. The proposed fee will create administrative burden with negligible benefit.

### **37 CFR 1.21(a)(6)(i) For USPTO-Assisted Recovery of ID or Reset of Password for the Office of Enrollment and Discipline Information System**

This existing \$70 fee should be reduced or eliminated, it creates a disincentive for practitioners to keep their information current with the Office. The fee is not commensurate with the cost of the service which has been equal to or less than \$15 for the past several years.

### **37 CFR 1.21(a)(6)(ii) For USPTO-Assisted Change of Address Within the Office of Enrollment and Discipline Information System**

This existing \$70 fee should be reduced or eliminated, it creates a disincentive for practitioners to keep their information current with the Office. The fee is not commensurate with the cost of the service which has had a unit cost equal to or less than \$15 for the past several years.

### **37 CFR 1.20(a) Certificate of Correction**

Neither the Applicant nor the Office want to have a Certificates of Correction in a patent. If the Office is going to increase the fee for fixing errors, it should provide mechanisms so that the errors can be prevented. The Office could provide an opportunity for applicants to review an electronic copy of the typeset version prior to issuance. If the Patent Office wants to charge more for a certificate of correction, then the Office should offer the applicant an opportunity to review an electronic copy of the typeset final version before it issues and avoid incurring the fee.

### **37 CFR 1.20(e) - Surcharge - Late Payment Within 6 Months**

The proposed fee is increased by more than 200%. This is too high. It costs the patent office nothing and it doesn't provide any benefit. Counter to the asserted justification, it would not provide any greater certainty regarding expiration. Additionally, it is usually small companies or individuals that don't have a good docket system and would be hurt by this penalty.

### **37 CFR 1.20(e) For Maintaining an Original or Any Reissue Patent, Due at 3.5 years**

The proposed 3.5 year maintenance fee is increased by 25%. This is too high. Many businesses are still struggling to make their products profitable after 3 years, especially for complex innovations or those requiring regulatory approval to market. This will make it harder for universities and small companies to patent biotech inventions because such inventions often require finding a large company to license the technology or to partner with to actually practice the patent. This will likely hurt the biotech industry.

These comments address only some of the issues raised by the proposed fees. Omission of comments on one or more of the fees does not indicate support or agreement. It is hoped that these questions and comments will be considered a helpful addition to the views and opinions presented by other stakeholders.

Sincerely,  
D.S.  
September 30, 2019