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General Comment

Attached please find comments from the U.S. Chamber's Global Intellectual Property Center.

Attachments

Comments to USPTO from GIPC 12.2.2016



Statement of the U.S. Chamber's Global Intellectual Property Center

ON: **Setting and Adjusting Patent Fees During Fiscal Year 2017**

TO: **United States Patent and Trademark Office**

BY: **U.S. Chamber of Commerce's Global Intellectual Property
Center**

DATE: **December 2, 2016**

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America's free enterprise system.

More than 96% of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Section 10 of the America Invents Act (AIA) requires the United States Patent and Trademark Office (USPTO) to provide a schedule of proposed fees to the Patent Public Advisory Committee. While fees should be set for cost recovery, fee increases should be allocated among all patent filings reasonably. Before the USPTO issues a fee adjustment proposal to go into effect in 2017, the U.S. Chamber of Commerce respectfully submits additional comments.

The Chamber appreciates that it is the USPTO's goal to simplify and streamline its work to reduce costs. We also appreciate that an adequate revenue stream must be established to ensure a high quality examination process. However, the proposed fee increase for design patents is not reasonable.

Our comments will underscore three main concerns: (1) the history of filing fee increases at the USPTO; (2) an economic discussion of the proposed increase; and (3) the added fees associated with design patents.

A Historical Look: Design Patent Filing Fees Should Reflect Actual Costs

Historically, and most recently in 2012, fees for design patent applications were increased. Most of the revenue growth was achieved in small increments reflecting an overall increase in application filings, which we agree was a reasonable approach. The Chamber believes that increases in filing fees are justified when they are necessary to cover costs. But all fee increases should be reasonable, proportional, and incremental to allow businesses to budget and plan for the adjustments without sacrificing protection of intellectual property rights.

Design patent applications are more cost effective and require less work for the USPTO than utility patent applications. A typical design patent application is far less technical and contains far less paperwork than a typical utility patent application. We encourage a close review of the proposed fee increases, which we believe will demonstrate that the unit cost of issuance of a design patent is significantly less than the unit cost of a utility patent. As a result, setting fees for reasonable cost recovery would not support raising design patent filing fees significantly more than utility patent filing fees.

Filing Fee Increases for Design Patents Contradict Economic Model

Innovative industries are more likely to file additional patents when presented with lower upfront costs. Thus, a consistent cost each year is preferred over a steep budgetary increase in one year.

Businesses are fortunate to work with a cohesive patent and trademark system in the United States. However, some current practices have not evolved with the global economy. For example, under current rules, a United States design patent is limited to a single claim. Consequently, it is common for a company to have to file several design patent applications in the United States to protect distinct design elements found in a particular product.

In Europe, a company may file a single application to protect multiple designs. The European Union Intellectual Property Office (EUIPO) allows applicants to file up to 100 design embodiments in the same application with significant price discounts provided. In contrast, each design application filed in the United States carries its own filing, examination and issue fees.

Similarly, an applicant who files a utility patent application in the United States is entitled to three independent claims and a total of up to 20 claims. Design patents, on the other hand, only cover a single claim. As a result, an applicant must file multiple design applications in order to protect different partial design aspects of the same product. This already comes at great cost to applicants, and the additional fee increases will make this cost prohibitive for many businesses.

Under the proposal to set and adjust patent fees during fiscal year 2017, the USPTO is assuming that the demand for patent services is inelastic. This is not necessarily the case for design patents. This demand is likely to change based on the overall cost to obtain design patents.

The proposed fee increases will have a particularly profound effect for small and medium-sized businesses. And even large companies will be forced to make trade-offs on protecting numerous design elements of a single product, because each element must be protected in a separate application, resulting in additional fees. Ultimately, this may lead to less revenue for USPTO than anticipated and far less protection for innovative designs.

If this proposal is implemented, the fees to obtain a design patent in the United States would be far more than in other countries. This is not the blue print for innovation, economic growth and job creation.

Proposed Design Patent Fee Increases Are Significant

According to our calculations, large entities will face an overall 33 percent increase in the cost of design filing fees. This increase is exponentially higher than the overall fee increases for utility patents. The Chamber recognizes that the combined fees for patents, specifically design patents, are an integral component to the patent system. However, the current proposed fee structure for design patents creates a significant impact on businesses' bottom line and on the pipeline for innovation. We also believe it does not adequately reflect the estimated costs to the USPTO for the processing of a design patent.

While the U.S. Chamber understands the general approach of setting fees to recover the cost of providing services, there must be a reasonable solution. The Chamber understands that the USPTO intends to improve its examination times to bring patents to market faster, and we share and applaud that goal. However, there must be a more equitable way to achieve this goal rather than a significant increase of the filing, search, examination and issue fees on design patents.

Annually, small increments applied to design fee filings offer the simplest solution for the USPTO to achieve its financial goals while allowing businesses to budget and plan for the increases from year to year. If it is necessary for the USPTO to raise patent fees, offering a cost-sharing model among all types of patent filings is the most equitable solution.

Conclusion

The Chamber respectfully requests the USPTO to recognize this disappointment with the proposed fee setting structure for design patent applications. The Chamber's comments are a representative sample of challenges faced by businesses small and large. The elimination of reasonable filing fees will hinder innovation.

The Chamber looks forward to working with the USPTO to secure meaningful improvements to IP that create jobs, support innovation, provide access to technology, and protect consumers in the United States and around the world.