



UNITED STATES PATENT AND TRADEMARK OFFICE

UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND
DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

VIA ELECTRONIC TRANSMISSION

August 8, 2018

Patent Public Advisory Committee (PPAC)
ATTN: Marylee Jenkins, Chairperson
1675 Broadway
New York, NY 10019
Via email to: jenkins.marylee@arentfox.com

Dear Members of the Patent Public Advisory Committee:

Ensuring our continued commitment to fiscal responsibility, financial prudence, and operational efficiency, USPTO recently completed its comprehensive biennial fee review. As part of our rulemaking proceedings, we are ready to engage the intellectual property (IP) stakeholder community with a patent fee proposal based on the results of the review, to ensure we move forward with a proposal that best serves our Nation's IP system. It should be understood that given the requirements of the regulatory fee adjustment process, we anticipate that the fee adjustments resulting from this effort will not be implemented until the January 2021 timeframe.

The USPTO's fee review process incorporated a thorough review of the existing fee schedule as well as significant research and analysis on potential revisions to the schedule. The resulting patent fee proposal is intended to promote efficiency of operations, better align fees with cost, and ensure adequate revenue to deliver on our goals. I believe that the proposal's modest fee increases will enable the USPTO to enhance the country's innovation ecosystem and provide strong, reliable and predictable IP rights.

The proposed adjustments are consistent with the Office's fee structure philosophy to provide sufficient financial resources to facilitate the effective administration of the United States IP system. Transitioning to this proposed fee structure will provide USPTO with sufficient resources to support patent operations and related services. The Office's costs increase along with inflation, and the proposed five percent increase to most patent-related fees will help keep up with rising costs. Given the nearly three-year gap between the implementation of the last fee adjustments and the anticipated effective date of this fee setting effort, a five percent increase to fees is similar to fees rising by 1.6 percent annually.

In addition to the across the board increase in fees that will help raise needed revenue, this proposal includes introduction of new fees, targeted adjustments to existing fees, and discontinuation of some fees. One proposed new fee is a surcharge for filing in a non-DOCX format. This will encourage applicants to use DOCX format, and will in turn improve office efficiency and future search capabilities. Another proposed new fee is an annual active patent

practitioner fee. This will be similar to the annual fees charged by the vast majority of state and territorial bars, and will allow the costs associated with the services the Office of Enrollment and Discipline (OED) provides practitioners in administering the disciplinary system and roster maintenance to be recovered directly from those practitioners. Further, a discount will be offered to those who certify completion of continued legal education (CLE). Encouraging CLE in this way will help improve the quality of the bar and therefore of the resulting patents. In harmony with the patent practitioner fee, a fee for non-registered practitioners to appear before the PTAB is proposed.

Among the adjustments to existing fees, one proposal is to significantly increase the surcharge for late payment of maintenance fees in order to encourage timely payment. We also propose increasing the fee to request expedited examination of a design application, to help the Office manage staffing for these services. Issue and maintenance fees will be restructured under this proposal in order to recover initial search and examination costs earlier in the patent lifecycle. As technology lifecycles grow shorter, it is important that USPTO not rely too heavily on fees paid late in the life of a patent. As a result, some of these fees are proposed to increase by various amounts higher or lower than the five percent mentioned above.

Fees for America Invents Act (AIA) trials are proposed to increase by roughly 25 percent due to a variety of factors, including the Supreme Court decision in *SAS Institute Inc. v. Iancu*. PTAB will no longer be able to institute on less than all claims challenged in a petition, leading to significant additional work for a given instituted inter partes review (IPR). Ideally we would not be increasing AIA trial fees by such a large amount, but it is prudent for the Office to more closely align the fees with the anticipated costs to the Office for performing these services.

Finally, USPTO is proposing to discontinue three patent service fees, and instead provide those services, in a slightly modified form, for free.

We are on the right path to success – identifying and advancing policies that will allow patent owners and the public to have confidence in the system. I believe that the proposal's modest fee adjustments will ensure that the USPTO is able to deliver on the commitments being developed for our upcoming 2018 – 2022 Strategic Plan.

Enclosed with this letter are two documents. The first provides a summary of the proposal to help you understand the fee adjustments being suggested. It includes information on our fee setting process, highlights of the issues and information we have considered, and a description of the specific changes being proposed. The second provides a detailed listing of the proposed fee adjustments. In addition, the Office has a website, <http://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>, which will contain further background material that will aid in your analysis.

In addition to this fee proposal, the Office is developing its FY 2020 budget submission which will lay out our spending priorities for the five year horizon. We will be briefing you on this effort in the upcoming months.

As the Office is proposing to use its fee setting authority under section 10 of the Leahy-Smith America Invents Act (Act), PPAC is required by the Act to hold a public hearing within the 30-day period following receipt of this proposal. The Act also requires PPAC make available to the public a written report setting forth in detail the comments, advice, and recommendations of the Committee following the public hearing on the fee proposal. We will be reaching out shortly to answer any questions and to assist with the logistics and materials needed to conduct the public hearing.

I look forward to hearing your comments and recommendations on the proposal, as I am confident that our collaboration will only enhance the final product and ultimately the United States IP system.

Sincerely,



Andrei Iancu

Under Secretary of Commerce for
Intellectual Property and Director of the
United States Patent and Trademark Office

Enclosures

- Attachment I – Executive Summary of Patent Fee Proposal
- Attachment II – Table of Proposed Fee Adjustments

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