

November 10, 2015

The Honorable Michelle K. Lee  
Under Secretary of Commerce for Intellectual Property and  
Director of the U.S. Patent and Trademark Office  
U.S. Patent and Trademark Office  
600 Dulany Street  
Alexandria, VA 22314  
*Attn: Brendan Hourigan*  
*Office of the Chief Financial Officer*

*Via email: [fee.setting@uspto.gov](mailto:fee.setting@uspto.gov)*

**Re: Comments on Proposed Trademark Fee Schedule Considered at Public  
Hearing by the Trademark Public Advisory Committee. 80 Fed. Reg. 63542  
(October 20, 2015)**

Dear Under Secretary Lee:

The American Intellectual Property Law Association (“AIPLA”) is pleased to have the opportunity to present its views on the proposed trademark fee schedule that was considered at a November 3, 2015, public hearing by the Trademark Public Advisory Committee, pursuant to Section 10 of the Leahy-Smith America Invents Act. The public hearing was held pursuant to a 14-day notice by the U.S. Patent and Trademark Office (“USPTO” or “Office”) which also invited written comments. 80 Fed. Reg. 63542 (October 20, 2015).

The American Intellectual Property Law Association is a national bar association of approximately 14,000 members who are primarily lawyers 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 establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

Pursuant to Section 10 of the America Invents Act, the Office is authorized to set or adjust by rule any trademark fee established, authorized or charged under the Trademark Act of 1946 (15 U.S.C. §1051 et seq.), for any services performed or materials furnished by the Office. That authority is limited to recovering the aggregate estimated costs to the Office for processing, activities, services, and materials relating to trademarks, including administrative costs of the Office with respect to such trademark fees.

The USPTO has put forth a schedule of proposed fee increases (the “Proposal”) to enable the Trademark Public Advisory Committee (“TPAC”) to hold public hearings, gather feedback, and prepare a report for the USPTO, as required by the AIA. According to the USPTO’s Executive Summary, maintaining the current fee schedule will lead to a situation in which expenses exceed available revenues and operating reserve minimum balances by fiscal year 2017, putting the USPTO in financial jeopardy. The USPTO Fee Proposal includes both increases in current fees and new fees for filings which currently do not require the payment of a fee. The Director’s letter of October 14, 2015 to TPAC indicates that the Proposal is intended to address three objectives: “better align fees with costs; ensure the integrity of the register; and promote the efficiency of the process.”<sup>1</sup>

AIPLA provides these comments and suggestions, with specific types of filing fees discussed below.

#### **A. General Support for Fee Increases**

AIPLA understands that some increase in fees is required to assure that the USPTO’s trademark operations remain on sound fiscal footing. Accordingly, we support some of the fees proposed by the USPTO, particularly those that are designed to encourage electronic filing of documents in lieu of the filing of paper documents. We understand that paper filings add significantly to the USPTO’s costs. However, AIPLA opposes certain increases out of concern for (1) the chilling effect that they could have on effective prosecution and on early settlement by TTAB litigants, (2) the added time required for preparation of documents required by some of these changes, and (3) the cost of this added time to USPTO trademark customers. Because many activities in the USPTO are now automated, AIPLA questions the justification for increased fees where there is no increased work load.

#### **B. Support for Increased Fees for Paper Filings to Encourage All-Electronic Filing and Facilitate Cost Savings**

AIPLA acknowledges that paper filings are costly for the USPTO and that electronic filers subsidize paper filings. While over 99% of new trademark applications are now filed electronically, between 15% and 20% of applicants continue to submit paper filings during subsequent prosecution.

To encourage 100% electronic filings, AIPLA supports all of the proposed increased fees for paper filings, including fees for prosecution and maintenance of applications, all TTAB proceedings, and petitions. However, there may be times when the online trademark filing systems are down, in which case parties who make paper filings to meet deadlines should not be penalized. AIPLA recommends an exception from the higher paper filing fees when paper filings are necessitated by a USPTO system outage.

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<sup>1</sup> The Executive Summary and letter from the Director to TPAC are available at this link: <http://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>.

**C. AIPLA Supports the Fee Increase of \$100 per Class for Electronically-Filed Oppositions and Cancellations**

The proposed increases to the fees for filing *inter partes* actions at the Trademark Trial and Appeal Board seem to be an appropriate means to fund the Office and the Board. As noted below, AIPLA opposes other increases, but we believe this increase is an appropriate means to help the USPTO accomplish its revenue goals.

**D. AIPLA Opposes a Fee Increase for an Electronically Filed Notice of *Ex Parte* Appeal and Instead Recommends a Fee of \$100 Per Class Upon Submission of Applicant's Brief.**

AIPLA opposes a fee increase for an electronically-filed *ex parte* Notice of Appeal. In lieu of this fee increase, AIPLA recommends that the USPTO consider instituting an additional fee during *ex parte* appeals at the time the applicant's opening brief is submitted. Many applicants file a Notice of Appeal in conjunction with a Request for Reconsideration to preserve the right to appeal in the event the Examining Attorney denies reconsideration. Frequently, however, the appeal does not go forward. Accordingly, imposing a higher fee for every Notice of Appeal seems unwarranted and may have an adverse impact on customers, especially considering that these fees would be imposed on a per class basis.

**E. AIPLA Opposes the Fee Increase of \$100 Per Class for Electronically-Filed Requests for Extensions of Time to File a Statement of Use.**

AIPLA is concerned that the case has not been made for concluding that such fee increases are driven by actual costs of this service. Electronically-filed extension requests require little processing. Further, AIPLA is concerned that the higher fees for these extensions may discourage applicants from exercising their right to obtain the full 36 months from Notice of Allowance permitted under the Lanham Act. Additionally, the increase for extension requests on a per-class basis does not result in increased work for the Office because extensions are not reviewed by class. While the fee to file the extension request has not been increased in a long time, the electronic processing of these filings is very efficient and, if anything, the cost of processing them surely has gone down over the years. Applicants remain obligated to have a continuing bona fide intent to use the mark in order to request extensions, and this should adequately safe guard against clogging the system with improper requests. Furthermore, such a per-class increase could have an adverse impact on *pro se* customers and start-ups, who may need all available extensions to pursue their business.

**F. AIPLA Opposes the New Fee Structure and Its Abrogation of the Single Initial 90-Day Option for Extensions of Time to Oppose.**

The Proposal maintains the current no-fee 30-day extension that is available without a requirement to show good cause. However, the Proposal seems to abrogate the option for an initial 90-day extension for good cause, and institutes a new \$100 electronic fee for a good cause 60-day extension and a new \$200 electronic fee for a final 60-day extension filed with consent or under extraordinary circumstances.

The availability of an initial 90-day extension for good cause (e.g., retaining or consulting with counsel, investigating the necessity of opposing, or negotiating settlement) has proven to be important in resolving many potential oppositions prior to the filing of a Notice of Opposition. Also, mandating that this 90-day extension now be obtained via two separate filings not only increases attorney/labor costs for potential opposers, but also imposes a new filing fee. And imposing a \$200 fee for electronic filing of the final 60-day extension is counter-productive to promoting settlements. This extension is most often filed with the consent of both parties. That usually means that settlement discussions are underway. There could be needless disputes as to which party pays the fee or whether the parties should split the fee. Requiring a total of \$300 in filing fees to merely extend the deadline to oppose and fully explore settlement options may cause opposers to curtail settlement discussions and instead proceed directly with an opposition.

AIPLA questions some of the perceived benefits of the proposed fee structure that are stated by the USPTO. The Office's Executive Summary states that TTAB operations are heavily subsidized by revenues from other trademark fees. AIPLA does not find this to be problematic and, in fact, the Office goes on to indicate that TTAB processes would "remain largely subsidized" under the proposal in any event. In addition, we question statements that the proposed fee for an extension of time to oppose will encourage earlier decisions by potential opposers, will reduce delay to applicants, and will encourage faster conclusion of TTAB cases and increase Office efficiency.<sup>2</sup>

If the purpose is to reduce the number of TTAB proceedings, it is counterproductive to burden the ability to negotiate a settlement. And, since the USPTO task in response to a request for extension of time to oppose is an automated resetting of a date on a database record, there is minimal cost to the Office.

#### **G. AIPLA Supports the Increase in Fees for Petitions to the Director**

AIPLA supports the increase in fees for Petitions to the Director. These Petitions need to be reviewed on a case-by-case basis, which uses increased Office resources. The fee increase seems reasonable.

### **CONCLUSION**

AIPLA acknowledges the effort by the USPTO to adjust trademark fees. These comments have been provided in the spirit of making these adjustments meet the goals announced by the USPTO of encouraging electronic filing of trademark documents while assuring a fair impact on the users of the U.S. trademark registration system.

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<sup>2</sup> See statement at slide 31 of the USPTO Trademark Fee Proposal: Executive Summary at <http://www.uspto.gov/sites/default/files/documents/TPAC%20Executive%20Summary.pptx>, and statement at slide 45 of the USPTO Trademark Fee Proposal: Detailed Appendices at <http://www.uspto.gov/sites/default/files/documents/TPAC%20Detailed%20Appendix.pptx>.

Thank you for giving AIPLA the opportunity to provide comments on this important topic. AIPLA looks forward to further dialogue with the USPTO in finding solutions and defining programs to maintain and enhance the USPTO's mission.

Sincerely,



Denise W. DeFranco

President

American Intellectual Property Law Association